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WEALTH-CREATION.

BY

AUGUSTUS MONGREDIEN,

AUTHOR OF

"Free Trade and English Commerce," &c.

WITH INTRODUCTION BY

SIMON STERNE,

Author of "Constitutional History and Political Development of the United States."

CASSELL, PETTER, GALPIN & CO.

NEW YORK, LONDON & PARIS.

1883

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OF MY ESTEEM FOR HIS PRIVATE VIRTUES,

AND OF MY WARM APPRECIATION OF THE FRIENDSHIP

WITH WHICH HE HAS HONOURED ME.

A. MONGREDIEN.

PREFACE.

IN the preface to a pamphlet entitled "Pleas for Protection Examined," which I published in February of this year, I stated that it formed a part of, and would be re-incorporated in, a larger work on which I was then engaged. Accordingly, it will be found that the greatest portion of that pamphlet is introduced into the present work, of which it occupies 47 pages, viz., p. 169 to 216.

I also desire to point out that, while, in the chapter on Land at p. 251 of this work, I set forth certain contingent difficulties that may arise out of the limited supply of land and the unlimited growth of population, I have carefully abstained from discussing the remedial measures which may, at some time or other, have to be adopted. I, therefore, disclaim all inferences tending to identify me with any of the theories or schemes that have been, or may be, broached with a view to solve the difficulties in question.

AUGUSTUS MONGREDIEN.

FOREST HILL, S.E.

284160

WEALTH-CREATION.

INTRODUCTION TO FIRST AMERICAN EDITION.

MR. MONGREDIEN has done such excellent work in the cause of free trade and in the dissemination of sound economic doctrines, in essays especially addressed to American readers, that there is fitness in the publication of an American edition of this, the most important work which has, as yet, issued from his pen.

Our author belongs to a class of writers, which, unhappily, is not a numerous one, composed of men actively engaged in the affairs of life and thereby made daily familiar with the practical sides of exchange, barter, and monetary transactions, and yet capable of reasoning correctly on the subject matters of their occupations. Paradoxical as the remark may seem, it is nevertheless true that familiarity on a small scale with the phenomena of mercantile life is more likely to vitiate correct reasoning than to aid it. Ricardo was an example to the contrary, but between him and Mongredien, excepting Newmarch, there is scarcely a great political economist of England belonging to the purely commercial class. Business men are prone to take too circumscribed an horizon to be led to universally true rules, and make therefore unsafe guides in the domains of politico-economic science and statesmanship.

The book which follows this introduction is in many

respects—particularly for clearness—a noteworthy one. It is unrivaled in demonstrating that all trade is barter, and that the intervention of money is a mere lubricant to facilitate barter. No step in advance can be taken in the science of Political Economy until that truth is seized, and until it saturates all thought upon the subjects which are embraced within its domain.

Mill has said that the true theory of value is the *pons asinorum* of Political Economy. That may be true for those who desire to become professors and *facile princeps* in the theories of the science; but, on the other hand, a man cannot understand the first principles of international exchange, nor rid himself of a false and antiquated balance of trade theory, without making himself master of the fact that all trade is barter. When men or nations exchange commodities or services for money, the money represents the services and the commodities; and the profitableness or unprofitableness of the exchange is only then determined when the money is reinvested for commodities or services.

"*Maudit argent, maudit argent,*" exclaimed the great Bastiat, almost in despair; and truly not only from the point of view of the moralist, but also of the economist, do the words frequently arise to the lips that money is accursed: because it vitiates all popular thought upon, and hides the truth of, economical facts to such a degree that whole nations have been misled by the intervention of money as a medium of exchange.

From the Spanish or French monarch who, in the early period of modern history, plunged his nation into war to turn the current of gold into his own country, because he regarded the drain of gold as so much lost to

the life of the nation and its influx as a return of the elixir of life to his people, down to our western farmer, who regards an unlimited supply of greenbacks issued by the government as an addition to the national, and in some degree to his own individual, wealth, the same error has pervaded the minds of prince and peasant, of the noble and the farmer, of regarding means for ends, and the instrument of exchange for the exchange itself. Not only prince and farmer, who in different degrees are removed from the actual business of exchange, but also merchants and bankers, are almost equally imbued with and misled by this error; and even authors of financial articles in the newspapers and in the more ponderous ephemeral literature write about the balance of trade as though Adam Smith, Quesnay, Turgot, and Genovesi had not laid this figment to rest more than a century ago.

Error, however, dies hard, particularly when each individual's experience seems to be leagued against the truth, and the truth to be tantamount to the denial of individual experience. Superstition would be everlasting if men were so organized that they had daily hallucinations leading them to believe that they saw hobgoblins and ghosts, or that they beheld miracles performed under their very eyes; and indeed there was a period in the history of mankind when the imaginations of men were so inflamed, upon subjects supernal, that they believed, and swore away the lives of their fellow-beings on the belief, that they saw persons riding through the air on brooms, and that they heard incantations, and traced the mischievous effects from "the casting of the evil eye."

With but very rare exceptions, the writers of financial

articles in the press of the City of New York never see the national imports in excess of the exports with anything but alarm, nor regard it as anything but a healthy sign when we export more largely than we import. They never stop to reflect that if our exports continue in value in excess of our imports, we must necessarily impoverish ourselves just as surely as the longest purse must run dry if it continuously gives out more than it receives, and that if we import more in value than we export, unless we owe the balance which must be made up by future exports, we are growing in wealth.

Mr. Mongredien, in using his strongest efforts to lift the veil of unreason that rests upon the minds of men in this particular, has done a great service, especially to our own people, who are more prone than others to fall into this error.

Taking the official Board of Trade reports of England from 1855 to 1878 as a guide, we find that the average excess of imports over exports of Great Britain ranged from $65,000,000 to $500,000,000 annually.

The figures following are taken from Leonie Levi's History of Commerce, and are doubtless correct:

Average.	Imports.	Exports.	Excess of imports.
1855–1859..	£169,540,000	£139,512,000	£30,028,000
1860–1864...	193,415,060	179,969,000	13,446,000
1865–1869...	286,334,000	229,685,000	56,649,000
1870–1874...	346,067,000	290,180,000	55,887,000
1875–1878...	378,071,000	259,055,000	119,016,000

The excess in 1880 of imports over exports, taking into consideration the specie as well, was, in England, upwards of £6,000,000 ($30,000,000). As England is

manifestly a prosperous country and constantly growing in wealth, it is clear that there can be no validity to the balance of trade theory, for the reason that she continues her vicious system of free trade which produces this result, and does not seem to be in the slightest degree anxious to change it. Indeed, all the prosperous countries of the world seem to be in the same condition. On the other hand, Peru, for instance, exported $49,000,000 and imported but $30,000,000 in 1878, and therefore should have been a remarkably prosperous country, according to the theories of those who believe that the balance of trade only shows a favorable result when the exports exceed the imports in value.

A proper understanding of the causes which produce wealth is a great promoter in the production of wealth. In this respect, political economy is to the nation what the principles of hygiene are to an individual. When he knows what to avoid and what to do for the purpose of sound living, considerable is already done in counteracting disease and promoting health.

There are few anomalies so striking as the fact that our nation should be, in its political theories and practices, so sound and yet so backward and wrong-headed in the adoption of politico-economic truth. Yet there is an explanation which lies on the surface if we will but see it. The Dutch and English colonists brought with them an intense hatred of political misgovernment and religious intolerance, and had, of course, no knowledge of that which did not then exist—sound views of the laws of exchange; hence local self-government and freedom of thought and of speech was at an early day instituted in the United States in such a way as to command the

admiration of students of history. That it was not the function of government to interfere with the political convictions of men or with their right to move from place to place, and that government from a distance was an evil, were beliefs and principles brought by the colonists with them to be crystallized into law for the purpose of avoiding the tyranny from which they suffered at home; hence the New England "Town System" as a method of decentralization to insure local self-government was developed, and was the germ of American municipal and representative government. The protest of the Dutch against the religious intolerance of Spain, and of the Puritans against the like intolerance of the Queen of England and of James, led in the Colonies on these subjects to more liberal legislation, and American governmental institutions expanded in the atmosphere of tolerance so that it became in matters of freedom of worship or of opinion a model for other nations.

There are many reasons why upon the subject of exchange the same development as to freedom of action did not take place, and to some of these it is proper in this introduction to give prominence. England exploited her colonies by impeding their establishment of manufactories, and insisting upon supplying their wants exclusively from the products of English anvils and looms. In the period from 1765 to 1775, which may be properly termed the period of irritation between the colonies and the mother country, patriotism on the part of the colonists was mainly displayed by refusing to purchase imported articles and depending upon home manufactures. When the contest actually began, and until its close in 1783, they necessarily relied almost wholly upon

home products to supply them with clothing and farming utensils. To be clad in the raw and inartistic products of American manufacture, and to abstain even from the smuggled goods from abroad, was a badge of patriotism; so that when Hamilton, in the very first congress which met under the newly formed constitution, asked for the moderate aid of ten per cent duty for home manufactures, a sentimental element entered into the cheerful accord which was given to the proposition that American manufacturers during the war enabled the American people to carry on that war, and that they should not be destroyed by competition with the English manufacturer who was part and parcel of the common enemy successfully combated by the aid of colonial manufacturers.

During the Napoleonic wars, the Berlin and Milan Decrees, and the Decrees of Council, considerably impeded America's foreign trade. When the War of 1812 broke out, the United States was again thrown upon its own manufacturing resources. Prior to the War of 1812, the incessant and harassing interferences with ocean commerce by both the French and English cruisers and privateers, made the seas for merchantmen of either country and of neutral nations insecure, and therefore produced for the people of the United States a condition analogous to war in its effects on trade as to inability to procure foreign commodities.

A number of hot-house plants were thus created in the manufacturing industries; and from a mixture of patriotic and interested motives, without much regard to sound economic principles, the country felt impelled to maintain them. During this period, however, and down

to 1816, the tariff, although incidently protective, was still, compared with the subsequent tariffs, an extremely light one. Cotton goods were charged 5 per cent; iron and iron wares, 7½ per cent; woolen goods, 5 per cent; silks and luxuries not in excess of 10 per cent. These rates were subsequently slightly increased, but there were no duties beyond 10 per cent except upon goods imported in foreign ships.

The tariff of 1816 increased the duties on an average about 42 per cent over the previous rates; and this was done mainly for the purpose of preserving the industries which had been created during the War of 1812, and was intended as a temporary measure only.

In 1824 a still further increase was made; in 1828 a tariff was passed which again advanced duties; and in 1833 what was called a compromise tariff was passed to appease the nullification agitation, by which it was agreed that all duties over 20 per cent should be reduced in each alternate year until 1842, and the duties thereafter should be 20 per cent ad valorem. This reduction of tariff continued until 1842, when a new rate of duties of 50 instead of 20 per cent was imposed, which tariff lasted until 1846, when, by the introduction of the Walker tariff, duties were again reduced to about 20 per cent. This tariff continued until the one of 1857, which again considerably lowered the rates of duties, added largely to the free list, and was, in strictness, a revenue measure. This tariff was in force until 1861, the first year of the War of the Rebellion, when the Morrill tariff became a law, inaugurating a system of protective duties higher than had theretofore been known in the history of our country, and which, in stringency and intricacy, outdid them all,

and which has been added to, amended, increased, and elaborated until it has become the most stupendous system of incongruities, absurdities, and injustice which exists in the shape of a tariff anywhere in the civilized world.

At every step taken in this continuously changing fiscal legislation, meretricious circumstances were urged for the increase of the rates. After the close of the war of 1812, it seemed hard that the men who had supplied the iron for our gallant little navy, and the guns and shoes and clothing of our army, should immediately suffer by the close of the war, and have their products brought into competition with those of foreign manufacturers, and more especially with the products of that nation with which we were at war and was our superior in manufacturing industry. Protection and patriotism, and free trade and British sympathy, seemed to go hand in hand.

The spirit of independence on the part of the American people was so largely increased by success in the wars that naturally a feeling gained prominence to exploit to the uttermost the great resources of our country; and this sentiment played so prominent a part in the discussion, and found for its insidious suggestions so ready an absorbent in the American's pride of country, that to build our own machines, mine our own coal, and manufacture our own clothes, at whatever cost, seemed a patriotic and desirable result to be attained.

When the Southern States, which were almost purely agricultural communities, and possessed in the slaves a vast amount of cheap agricultural labor, found that a protective system operated against their interests, their

statesmen and people became free traders, and from 1833 to 1861, with the exception of the interval from 1842 to 1846, compelled a constant advance toward a tariff framed mainly with a view to revenue alone.

Since 1861 the selfishness of the coddled manufacturer of the Eastern, Northern, and Western States used the sentiment against slavery as a means of persuading all those who were opposed to slavery that there was some occult affiliation between slavery and free trade; and when the war broke out between the Northern and Southern States, the northern manufacturers, upon the withdrawal of the representatives of the South from the American Congress, immediately took advantage of the situation and increased the tariff to a high protective point. Thenceforth, free traders, during the continuance of the war, and shortly after its conclusion, were looked upon as unpatriotic citizens who were either in favor of slavery or in favor of Great Britain, whose course during the war (whether justly or unjustly is not to the purpose) was regarded by many as being inimical to the success of the Northern States.

That this system of protection has created industries of enormous value must be conceded. The city of Paterson, N. J., for instance, with its silk industry, has been almost wholly created by protection; and if protection were to cease to-morrow, there is scarcely any doubt but that the operation of most of its looms would have to cease, but at the same time it is proper to ask at what expense has this artificial prosperity been created?

So great has been the forward march of agricultural development, as well as manufacturing, during the same period from 1860 to 1880, that it is scarcely possible to

make an American realize that this development of manufacturing industries has necessarily been at the expense of its agricultural interests, because during the same period of time the export of cereals has become so very great. America is now the main source of supply for the breadstuffs consumed by European nations. The general prosperity of the United States has so vastly increased, notwithstanding this pernicious system, that, taking into consideration the insufficiency of human nature, it is but natural for the average man to conclude that this prosperity is largely due to the very vicious system which is gradually sapping and undermining it. In that respect the American people are very much in the position of a great athlete, who, during the period of his most remarkable growth of strength, is suffering from a tumor, which grows as his strength increases. He very naturally attributes his strength to his tumor. To tell him that the tumor is a source of danger, that if not extirpated it will undermine his health, sap his energies, and eventually destroy his life, is to tell him, from his point of view, arrant nonsense. He will probably reply, "I have noticed this tumor from the time when it was no bigger than a small pea; it is now the size of a goose egg. When the tumor first began, I could lift but two hundred pounds; I can now lift two thousand: therefore, if you attempt to extirpate my tumor, I shall break your head, for the tumor is the source of my strength." He will for the time being be uninfluenced by the fact that he is at the full zenith of his powers. That his strength grew from 25 to 35 years by healthy living and constant exercise, and under the impetus of a splendid constitution inherited

from vigorous ancestors; and that therefore, during this period of growth, he was laying up vital strength far superior to that which was being drawn from him by the tumor, so that the evils created by the malady were not yet apparent. But the period must come when his energies will fail, or at all events not be so vigorous as now, and when any drain of an abnormal character must begin to tell. To make an impression on him we must either wait until his energies are not so exuberant, or until he becomes more conversant with the laws of hygiene. To wait until the former contingency occurs is dangerous to the life of the patient, and it is therefore our duty to instruct him in the laws of physiology.

To aid the bringing about of a change of mind on the part of our people, it is well to call their attention to a few statistical facts in connection with the growth of their manufacturing industries and agricultural productions during the last thirty years.

From 1850 to 1860 was a period of a strictly revenue tariff, during which, if it be true that manufacturing industries can subsist only under a protective system, that rule would have made itself most manifest. We find, however, that, according to the census of 1850, the total capital invested in manufacturing at that time was $533,245,352; that the total output or product of such manufactories was $1,019,106,616.

Upon turning to the census of 1860, we find that the capital invested was $1,009,855,715, and that the annual value of the products was $1,900,000,000.

During the period from 1850 to 1860, therefore, a period of free trade, the amount invested in manufacturing and the output was actually doubled.

In 1861 began the protective period and the extraordinary stimulus given to the northern manufacturing industries by the war. The capital invested in 1870 was $2,118,208,769, and the value of the products was $4,232,325,000. Again an increase in round numbers of 100 per cent, about the same ratio of increase under a protective system as under free trade from 1850 to 1860.

From this increase it is proper to deduct at least 25 per cent in consequence of the fact that in 1870 we were still upon an unsound financial basis. In January of 1870 gold was worth 20 per cent premium, and all values were inflated at least to the amount of such premium. From 1870 to 1880 the tariff increased in its protective features. Duties upon articles manufactured in the United States were almost universally raised instead of lowered, and if there be any virtue in protective tariffs, this was the time in which it should have been made manifest, and yet we find from the census of 1880 that the ratio of increase was considerably less than from 1850 to 1860 and from 1860 to 1870. The capital invested in 1880 was $2,790,223,506, and the value of the output or product was $5,369,667,706, an increase during that decade of a trifle over 25 per cent.

From 1850 to 1860 America's exports of manufactures increased 170 per cent. From 1860 to 1880, a period of twenty years and of protection, the exports of manufactured goods increased but 90 per cent.

During the same period the agricultural industry of the country, which is not only unprotected, but which bears the burden of taxation imposed by the protected industries, increased in an entirely different ratio, as the following table of exports will show:

Exports in	Cotton.	Corn.	Flour.	Wheat.	Bacon and Hams.
1850.....	$71,984,616	$3,892,193	$7,098,570	$643,745	$ ———
1860.....	191,806,555	2,399,808	15,448,507	4,076,704	2,273,768
1870.....	227,027,624	1,287,575	21,169,593	47,171,229	6,123,113
1880.....	261,439,683	50,702,673	45,047,257	167,698,485	66,681,869

The shipping industry of the United States engaged in foreign trade has during the protective period steadily decreased. The official report of the government of the United States as to its foreign commerce, and so much of it as is carried in American bottoms, is indeed lamentable. Our shipping industry has been protected out of existence. The tonnage of American vessels employed in foreign commerce increased from 751,998 tons in 1828 to 2,399,366 tons in 1860. From that time forward the iron steam vessel took more and more the place of the wooden sailing vessel; and Great Britain had so great an advantage over America in building iron ships so long as we maintained our protective tariff, that while the total tonnage of sailing vessels built in the United States during the 15 years, from 1867 to 1882, amounted to but 3,908 tons, and the total tonnage of iron steam vessels built in the United States during the same period amounted to but 291,599 tons, during the same 15 years the total tonnage of iron and steel sailing vessels alone built in Great Britain amounted to 1,415,555 tons, while the total tonnage of iron and steel steam vessels built in that country amounted to 3,598,081 tons, making a total of 5,136,336 tons, as against 305,107 tons American; just 17 times as great as the total tonnage of iron vessels built in the United States during the same period.

The total tonnage of foreign vessels entering the ports of the United States increased from 1856 to 1882

at the following rates: The British, from 936,000 tons to 7,680,000 tons; the German, from 167,000 tons to 1,252,000 tons. During that period the American tonnage, which was in 1856 8,194,275, being largely in excess of the total foreign tonnage, making 71 per cent of the whole, decreased to 1,297,035, much more than reversing the figures, which in 1856 showed a percentage in favor of the Americans, to about 80 per cent in favor of foreign nations in 1882. The British in 1856 had but 20 per cent of the total tonnage, while in 1882 their percentage had become 52.

On this subject the National Board of Trade at its meeting, January, 1883, reported as follows:

"The total tonnage of the United States, on the 30th of June, 1882, was 4,165,933. There was an increase, as compared with the year immediately preceding, of 10,858 tons in the tonnage of sailing vessels and of 90,828 tons in steam tonnage.

"Any slight change for the better which has taken place in American shipping interests during the last fiscal year, has been in connection with the home trade. The tonnage of that branch of our merchant marine which is employed in the home trade increased from 2,646,011 tons on the 30th of June, 1881, to 2,795,776 tons on the 30th of June, 1882, showing an increase of 149,765 tons; but the tonnage of that branch employed in commerce with foreign countries decreased from 1,297,035 tons on the 30th of June, 1881, to 1,259,492 tons on the 30th of June, 1882, showing a falling off of 37,543 tons."

"Mr. Nimmo, in his interesting Report on Foreign Commerce, of December 30, 1882, points out this difference in the conditions which surround the two branches

of the American merchant marine, namely, the tonnage employed in domestic trade, and that engaged in trade with foreign countries."

"No question as to foreign competition arises with respect to the branch of our merchant marine which is employed in the coastwise, or home trade, as under our laws this trade has, from the organization of the government, been confined exclusively to vessels built in, and owned by, citizens of the United States. But, notwithstanding the enormous growth of the internal commerce of the United States, the tonnage of that branch of our merchant marine which is employed in the home trade, embracing the coastwise trade upon the ocean, as well as trade upon the great lakes and the western rivers, has, during the last thirty years, exhibited but little increase. This part is shown as follows:

"On the 30th of June.	Tonnage employed in the home trade.
1852	2,055,873
1862	2,606,716
1872	2,929,552
1882	2,795,776."

If protection carried to the point of prohibition can do it any good, the ship building interest should stand pre-eminent. It appears, however, to have been struck with paralysis by the interference of government.

Our legislators, in attempting to foster the building of ships in Maine and on the Delaware, have forgotten that by the loss of our tonnage we have lost our freight earning capacity; and in the hope of increasing, by our protective system and by our prohibitive navigation laws, the profits to be made by our ship builders, which

hope has not been realized, we have actually increased the commerce of other nations, and are compelled to see our exports to Europe carried in foreign bottoms, and our imports brought to us in foreign bottoms. The loss of the freight earning capacity of ships after they are built amounts in a single generation to a very much greater sum than the whole expenditure that would be incurred in foreign ship yards for all of the implements of commerce necessary to move our products. It is estimated that this loss amounts to not less than $60,000,000 per year, which, added to the loss in ship repairing and the loss of ocean passenger and immigrant carriage, estimated for the year 1881 at not less than $20,000,000, makes a total annual loss to the United States on this business alone of upwards of $80,000,000, directly attributable to our mischievous legislation. The estimates in this particular are based, in addition to official reports, upon an article published by Mr. Walker, in the *Atlantic Monthly*, and adopted by Mr. Wells in his book published in 1882 on our Merchant Marine. This authority says "that, with the exception of the railway interest, no branch of business has increased so rapidly within recent years as the ocean carrying trade, and there is probably no branch of industry which, in proportion to the capital invested, has been more profitable. In comparison with factory investments, a statement has recently been published that the industry employed in British shipping returns at present a gross equivalent of £300 to each man engaged in it, while the corresponding returns of factory operatives is not in excess of £190," (pages 43–44).

The indirect loss to the American people in being pro-

hibited from engaging in this profitable field of human industry is probably as great as the direct loss, and for this loss there is no equivalent whatever, as no appreciable increase of American shipping has taken place to offset it.

How much the industries of the country other than shipping, which are fostered by protection, have diverted from unprotected to protected employments made profitable only through the intervention of law, cannot be accurately estimated, as upon that point there are no statistics, and we are left entirely to mere speculation. It is fair to estimate, however, that not less than $300,000,000 or $400,000,000 annually, quite as much as that which flows into the United States treasury, is taken from one class of producers and given to another without the intervention of a tax gatherer, by the mere instrumentality of law. This wastefulness in the United States has been hidden from view by the enormous increase of immigration, which has enabled a diversion of labor to take place from unprotected to protected industries without the former being crippled thereby. The new immigrant generally devotes himself to agricultural pursuits, and thus fills up the gap which otherwise would be created. Should immigration largely fall off, the mischievous course which we are pursuing would instantly make itself felt in decreased agricultural production and a consequent decrease of exports. Our purchasing power would be considerably lessened and our general prosperity would suffer.

Great as is our production of cereals and of animal food, we cannot expect for ever to command the world's markets in this particular, unless we make it to the ad-

vantage of other nations to take from us our excess of production. Nations, like individuals, will seek to exchange to advantage commodities for commodities. A free trade community, producing food for the manufacturing nations, will have a great advantage in supplying such food products as against a protectionist nation. Germany imposes a tariff on our food products for the double purpose of protecting her agricultural laborers and to develop exchange of manufactured goods for food with nations having a more liberal policy in the admission of products of German looms.

The tables published by the British Government for 1882, showing Great Britain's trade with the world, are fraught with the impressive warning to us that we cannot hold our export trade in the long run unless we liberalize our commerce. These tables show that the importations from the United States to Great Britain increased about 60 per cent between the years 1877 and 1882; while the increase of imports from Victoria was, as to grain alone, from £6,979 to £490,000 during the same period; and from India her purchase of wheat increased 200 per cent during the same half decade. Russia, Egypt, Australia, India and the States of the Argentine Republic compete with us in food supplies in the markets of the world; we cannot therefore for ever disregard the laws of trade in our dealings with Europe.

In no country in the world should progress be so steadily onward as in the United States; and were its manufacturing industry upon a sound and healthy basis, such would be the fact. We have no powerful neighbors to produce political complications. The people are not burdened with the maintenance of an army and navy

as a constant drain upon their industry, and yet nowhere in the world is there such a constant repetition of financial complications as in the United States. We are of course subject to all the natural laws which produce a state of stringency and crisis, such as overtrading, speculation, and great extensions of credits, etc.; but in addition to these natural causes which appear here as elsewhere, we are in a perpetual state of uneasiness so long as the millions invested in manufacturing industries depend for a profitable return upon legislation, and not upon the furnishing of their products at the lowest rate, quality for quality. The annual meeting of Congress necessarily brings with it dangers to such industries by any proposed or even possible changes of the laws under which they exist, sufficiently great to shake confidence and undermine credit, and thus paralyze effort until Congress again adjourns and gives to these pampered industries a new lease of life.

We have seen that in the period just prior to the civil war, protection was not necessary for the purpose of increasing within ten years the manufacturing industries upwards of 100 per cent, and there is no reason now why they should not survive an intelligent reduction of the tariff, and why the great majority of them at least would not be able to hold their own. England commands her home market and competes in the markets of the world without protection.

It is true, each particular industry apprehends evil consequences from taking off the protection that is afforded to it, and fears that it cannot, and probably would not, survive unless protection is likewise taken from some other industry which furnishes to it the material con-

verted into a higher form of product by the protected industry; but if all were dealt with equally and justly, the general reduction of prices would not work to the disadvantage of any, and they would soon adapt themselves to the changed and more equitable conditions of their existence. That some industries which have been mentioned, like the silk industry of Paterson, for instance, would be exposed to possible destruction in such a case, must be conceded; but every change from a bad to a good system involves some sacrifices, and the question which statesmen are called upon to consider, is whether the advantages resulting from a change from a worse to a better system of legislation are not infinitely to be preferred to the continuance of the evil system.

In the discussions upon the subject of freeing our trade from the hampering influences of our present tariff legislation, we hear considerable of the influence of British gold in inducing Americans to adopt free trade theories. If British gold were expended at all in the United States corruptly to influence our public men and the press, for the purpose of injuring the United States in this particular and to benefit Great Britain, it could not be expended in any more absurd fashion than to induce the American people to adopt a revenue in place of a protective tariff.

Indeed, if any one is open to the charge of being bribed by British gold, it ought naturally be the protectionist, for it is clearly to the interest of Great Britain that the United States continue her present system of protection. Our cheap lands feed England's people engaged in manufacturing industries at the lowest rate, while our manufacturers, intelligent and enterprising as they are, and able to cope with the world as to the quality of their

out-put, are by the protective system confined almost exclusively to the home market, and are unable to compete with other nations on equal terms in the other markets of the world, as they cannot under a protective system produce as cheaply as Great Britain under a system of free trade. So while it is true that we restrict Great Britain as to exporting to the United States, we leave her free from our competition in all other markets. The exchange stands about as follows: by our tariff legislation, we have substantially agreed with Great Britain that we will leave her unimpeded in supplying manufactures to a thousand millions of people distributed over the globe, in consideration of our controlling the supply of manufactures to the fifty millions of people to be found between the St. Lawrence and the Gulf of Mexico. Were we to put this transaction into the shape of a contract, no protectionist not directly pecuniarily interested in the maintenance of the system, but would recoil from allowing the United States to enter into it. The contract would read after this fashion: that in consideration of England consenting to America's imposing rates on goods imported from England, which have for effect the enhancing of the price of English goods from 60 to 100 per cent to the American consumer, and thus incidentally limiting the supply to the fifty millions of people contained in the United States of the results of the manufacturing industry of England, the people of the United States agrees to transfer all the carrying trade of the United States to the people of England, and agrees that it will not compete with England in freight earnings anywhere, nor in supplying all the rest of the inhabitants of the world, wherever situated, with manufactured

products. A contract such as the one we have supposed would be a profitable one for England to make, and surely not a profitable one for the people of the United States to enter into; therefore, the protective system of the United States simply protects it against the advantages of foreign markets, and confines its manufacturer to the home market exclusively, making him absolutely subject to the conditions of prosperity in the United States alone, instead of equalizing temporary depression in his country by an increased demand for his products in South America, in Europe, or in the East.

The argument is put forward over and over again that the American manufacturer must be protected to the extent of the difference between the wages paid in this country and those paid in Europe. But those who urge this argument do not consider that while it is true that the wages in money are higher in the United States, yet when the calculation is made upon the basis of commodities exchangeable for these wages, the difference is not more than ten or fifteen per cent; and this difference of ten or fifteen per cent is made up in part by freight, insurance, and risk attending shipments from abroad, and the remainder of such ten or fifteen per cent is more than counterbalanced by the superior intelligence of the American workmen, which enables a given number of our artisans to produce, as has been estimated, ten to twenty per cent more with the same machinery than the operatives in any foreign country. This is the universal experience of manufacturers who have had occasion to examine the matter fully on both sides of the water. Under a system of free trade, our workmen might be compelled to take somewhat less in money wages; but,

on the other hand, they would obtain much more in what their money would buy.

We have had an unfortunate faculty of taking sound principles by the blade instead of by the handle. We restrict trade and commerce where we ought to leave them free, and leave them free where we ought to restrict.

Mr. Mongredien has drawn attention to the many impediments which exist in the way of the production of wealth and its accumulation in European countries, and prominent among these he places their wasteful expenditures in the maintenance of their armies.

In this country we have no such waste of production and impediment to the accumulation of wealth; but in addition to the protective system, there are causes at work almost as potent in the wrongful distribution of wealth as the armies of European countries, among which, in addition to the navigation laws and the protective system, may be mentioned our wasteful system of government, national, state, and municipal; the absence of governmental control and supervision, in the interest of the whole community, over the great transportation organizations of the country, such as railways; and the facilities granted to industrial corporations which are in their nature monopolies to organize and exercise their functions without restriction, under the mistaken idea that they are subject to the laws of competition, but which by combination instead of competition extract from the people of the United States sums of money so excessive that it materially interferes with the proper distribution of wealth. Within the limits of this introduction to Mr. Mongredien's work, we can but superficially refer to some of the most glaring examples of this general statement.

It is difficult to preserve a philosophical calm when touching upon the enormous waste of capital and wrongful distribution of production in the United States, and which go far to counteract that general well being and continuous prosperity which should result from the extraordinary productivity of the soil.

National, State and municipal administrations seem alike to be infected with the virus of reckless extravagance and wasteful outlays, and much of it is done with the sanction of the very men who are called upon to pay for them in diminished ease and comfort.

These expenditures are permitted to be incurred by the people under the double error that posterity, through the instrumentality of the public debt, are bound to pay for them, and that they are good for trade.

The new Capitol building at Albany has already cost $14,000,000, and before it will be completed may cost five millions more. The land on which it is built is cheap, and does not to any large degree enter in its cost. Governmental buildings in Europe, when they represent so vast an outlay, are monuments of architectural beauty and grandeur. There is no such compensating gratification from this expenditure. The New York Court House was erected at an expense of upwards of $20,000,000, and there is no example in American history in which the vulgarity as well as the venality of the worst type of local politicians is so clearly illustrated as in the case of this building. There is not a comfortable, well ventilated room in it. It is constructed in as great defiance of the requirements of decency and cleanliness as it is of the laws of architecture and beauty. The new English law courts, which cost less than one-sixth of the amount, are

three times as spacious, and in more ways than can be set forth in these pages, is a building better adapted to the end had in view.

A saturnalia of government debt creating set in at the close of the civil war, 1865. So many citizens from patriotic motives talked nonsense of the national debt as a national blessing, that the States, with few exceptions, as well as the municipalities, began to pile up such national blessings for posterity to discharge. Nothing can be more mischievous in the way of a politico-economic error than this notion. A nation expends in powder, arms, cannon and ships of war a vast sum of money; but when these instruments of war are consumed, it is true the bonds or obligations which were issued to obtain them still remain and appear to be an equivalent for the consumption. The labor which entered into the construction of these instruments was diverted from productive to unproductive employment, and the loss to the community is represented by the number of products useful to human comfort and happiness, which such labor would have produced had it not been employed in creating the commodities and instruments so destroyed, or withdrawn from productive employment. This represents the loss to society by such wasteful expenditure, and the money sum of such expenditure is merely the measure of the approximate character of such loss, and the bonds are the credit side of the national ledger account for which taxation is the debit side.

This loss the community or generation making the expenditure must directly and immediately bear. All that can be thrown upon posterity is the settlement of accounts between the members of the community who made the

advance and those whose property is mortgaged to repay that advance. Were this fact better realized, national expenditures would be less popular than they now are. This question is independent of the merits or necessity for any particular war, which in its beneficial results may more than compensate for the loss in men and material.

That these expenditures are good for trade is another error which can best be answered by taking Bastiat's illustration from "*ce qu'on voit et ce qu'on ne voit pas.*" Jacques Bonhommes' mischievous son breaks a pane of glass. "Good for trade," says a neighbor, to console him, "the 'glass put in' must live." The neighbor sees the six francs which the glazier obtains for the new pane. So far, so good. What he does not see is, if the pane had not been broken Jacques Bonhomme would have had the six francs in hand, which were diverted for the glass, with which he could have bought a much needed pair of shoes, and in the sum total of his possessions would have been pane + shoes—six francs; now it is pane—six francs, as against pane + six francs he had before. This is a simple illustration which removes under various forms a whole host of economic errors.

Among the other diversions of production in the United States, none is more pernicious than the enormous expenditure incident to the American party system of government. As the doctrine "to the victors belong the spoils," has until most recent times been accepted as the cardinal maxim in relation to the disposition of governmental offices, the quadrennial contests for the presidency became a mere scramble for office, and every incumbent of an office of the federal government was called upon to pay a considerable tax—a percentage of his

salary—for the purpose of maintaining the then dominant party in power. In every State, municipality and county of the Union the same system exists, involving a tax upon time and salary for the purpose of preventing the adverse party from getting into power. No accurate estimate can be made of the amount of this expenditure, but it is fair to assume, and in this assumption the personal experience of the writer in the presidential contest of 1876 is taken as a basis for the statement, that each party during every presidential election since 1872 expended not less than from $2,000,000 to $3,000,000, and probably more.

To a minor degree, but also to an enormous extent, this rate of expenditure is found to exist in State and municipal elections. In the city of New York, the legitimate and necessary machinery of elections for municipal officers, in the printing of tickets and for establishing and manning the booths for distributing tickets, together with the absolutely necessary disbursements for advertising, are not less thna $50,000 annually for each political party.

It will thus be seen that the expenses of elections are so great that it becomes extremely difficult to get voluntary aid from citizens to bear this tax; therefore the regular followers and henchmen of political organizations, the members of which live on public offices, can by setting aside a certain proportion of their improper gains for the purpose of bearing the expenses of maintaining themselves in office, obtain a great advantage over citizens who do not feel so direct a pecuniary interest in the result of the election, and are therefore loth to bear the expense of a canvass. Except, therefore, in times of

extraordinary excitement, the office holders, through the instrumentality of the machinery which they control, are able to maintain themselves in power.

Now let us take into consideration the waste in our railway system.

With great pride we speak of the enormous extension of our railways. Within a few years we have added at least 20,000 miles of road to theretofore existing lines of railway, so that now 100,000 miles and upwards represents the system of the country. Many of these roads are built for the sole purpose of contesting for like traffic with older roads, and, as they soon combine instead of compete, there is no public interest subserved in their construction.

Take the case of the Lake Shore Road and its new rival line, known as the Nickel Plate; they pass through the same territory and serve the same public. There was no pretense that the Lake Shore Road could not, by simply adding to its rolling stock, have carried for many years to come all through and local traffic offered to the line.

Another $15,000,000 was invested to build a rival line, running through the same towns, and connecting the same terminal points. If, in consequence of the construction of such rival line, the community, by the introduction of the element of competition, would have been served at lower rates than before, the public might have been compensated for the expenditure of capital necessary to construct such line by obtaining such reduced rates; but shortly after the construction it was purchased in the interest of the older line. The rates were maintained, and the additional capital thus expended is forever mis-

applied to the performance of a service of no additional substantial value to the community.

The regulation of the rates charged, and giving the original road exclusive territory under governmental supervision, would have answered the community a better purpose than the construction of a rival road to be absorbed by the older road. Or even had the new road not been absorbed, its construction for the purpose of entering into combination as to rates with the older road, would have been no less wasteful in its effects. In this way hundreds of millions have been extravagantly and wastefully expended. A like waste of capital is even more clearly illustrated in the case of gas companies. The plant of a gas company consists of a set of works, and of mains through the streets. One company having, under strict regulation as to profits, the exclusive right to supply a great city, can do it with a degree of economy much greater than several companies could do so, because the one company needs but one set of works, and the laying and putting down of the mains through the streets is but one operation. New York has five gas companies, started upon competitive ideas. As gas companies, however, can never be so numerous in a city that they cannot combine, they first fight and then combine, and they combine upon a rate high enough to compensate for the outlay of the five companies, instead of one company. The people of New York, therefore, are compelled to pay for the gas they consume, twice over what they would be obliged to pay, even at the same extravagant rate of profit, were they supplied by one company alone.

The absence of regulation under the mistaken idea

that the subject is open to competition, has caused the community to expend millions of dollars in the erection of unnecessary works, upon which interest has to be paid by the community in extravagant rates for this necessary service.

Another great waste of capital in the United States arises from the expensiveness of legislation, both State and Municipal. It is true that nominally the services of these legislative bodies cost the community but little in the way of salaries, but the legislation which they produce from year to year, in so far as it affects private or special interests, is very largely paid for, and the waste arising from bad and careless legislation is beyond computation. Frequently, however, legislators become grantees of shares of stock, or other distributive interests in corporations, to which they afford special privileges, and the rights of citizens are sacrificed by such wrongful distribution of interests.

One of the most striking illustrations of this fact is the building of the elevated railroads in the city of New York. The legislation which authorized their construction was enacted in utter disregard of the rights of abutting land owners, and resulted in the appropriation of certain streets of the city of New York for the purposes of the elevated railroads without providing for compensation for injury done. An alert and honest legislative body, coupled with an alert and honest city administration, would never have consented to any such construction, however needful for city purposes, out of which private parties could make large sums of money, without providing for compensation for the property involved and interfered with, and which, after much shuffling by the

courts, is at last conceded in this case to be a right which cannot be ignored by legislation.

The ease with which combinations are made in the United States for the purpose of affecting the prices of securities and commodities, and the facilities afforded by unrestricted transportation companies not under governmental control for the making of such combinations, is illustrated by the history of the Standard Oil Company. An organization originally possessing a capital of not more than half a million dollars, was enabled, by a combination with the railroads running from the oil regions to the sea board, to place almost the whole producing interest at the mercy of the Standard Company—substantially the whole of the refining interest was likewise placed in its hands. At the time of the railroad investigation in New York in 1879, it was conceded by their advocates that 96 per cent of the refining of petroleum in the United States was in the hands of the Standard Oil Company, and that by far the greater part of the crude oil production was transported and collected by the Standard Company.

This combination of corporations and individuals known as the Standard Oil Company has now a capital closely approaching to $100,000,000, and has reached beyond its own fields into other domains for the purpose of giving this enormous capital profitable employment.

State Legislatures were powerless against it, and the interests of the railway corporations seemed to have been sacrificed without hesitation by the railway managers themselves to subserve the interests of this combination.

The false capitalization of a great many of the industrial enterprises of the United States which partake of a

monopoly character, and on which interest must be paid, or is sought to be extorted from the people by the owners of the enterprises, creates another considerable diversion of the wealth production of the country.

That the people of the United States are more loosely governed than the people of other countries, is in many respects an advantage; but, on the other hand, it must not be forgotten that this looseness of government which protects them from the evils of tyranny at the hands of their rulers lays them open to the evils of tyranny at the hands of private corporations, which a stronger government could protect them against.

Rings and combinations so pervade and permeate the productive enterprises of the United States that, with the exception of the agricultural industry, the sum of whose products is too large to be engrossed or monopolized, most of the great industries are in the hands of combinations and rings.

The manufacturing industries are banded together to maintain a protective tariff, and each particular trade has representation of its own for the purpose of maintaining its particular advantages under the tariff.

The ship builders are banded together against a repeal of the navigation laws and the right to purchase ships in the cheapest market and run them under the American flag. The sugar producers are banded together against a particular method of levying the tariff on sugars which may militate against their profits.

The sums of money thus turned aside from the normal production of the community into the hands of monopolists amounts to a total, compared with which the whole expenditures of the government are light and trifling.

These facts are, as yet, hidden from view by the enormous productive powers of the community, and probably will find their remedy only when a succession of bad years has brought our people to a realizing sense of the very great diversion that is made of their products annually from the many to the few.

In the course of his interesting work, our author calls attention to the great diversions to which the gross annual products of Europe are subject for the benefit of princes and armies. Let us not lay the flattering unction to our souls that we are free from like diversions in the United States because such mischievous appropriations do not appear in the annual governmental budgets, and the amount thereof known and recognized of all men. It is with us more dangerous and insidious, for the simple reason that it is hidden from view, and is the substitution of individual for public taxation, resulting in a vast diversion of capital and wealth for the benefit of combinations which have no direct relation to government, and which the neglect of governmental duties enables them successfully to accomplish.

SIMON STERNE.

NEW YORK, February 10th, 1883.

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WEALTH-CREATION.

CHAPTER I.

Definition of Wealth—All Wealth is actually Distributed and Used—The more Wealth there is Created, the more there is for Distribution—Obstacles to the Creation of Wealth should be removed, and Aids to it adopted—Money is not Wealth—The Three Factors of Wealth are Land, Labour, and Capital.

By "wealth" we mean all such objects of human desire as are obtained or produced by human exertions.

The amount of wealth, as above defined, that is at present produced by mankind falls short of satisfying the needs, physical and mental, of all men. But would it not be possible for the production of wealth to be so increased as to suffice for that purpose? And are the obstacles which have hitherto checked that increase insurmountable? These are the problems to which we shall devote our attention in this work.

It is intended to establish the following four propositions:—

1. All the wealth that is obtained or produced by human exertions is actually distributed and used.

2. The more wealth there is created, the more

there is for distribution, and the more "objects of desire" fall to the lot of each human being.

3. All obstacles to the creation of wealth are injurious, and ought, if possible, to be removed. All aids to the creation of wealth are beneficial, and ought, if possible, to be adopted.

4. Such obstacles and aids to wealth-creation should be identified, classed, and discussed, with a view to their respective removal or adoption.

Before we proceed to examine these propositions *seriatim*, let us say a few words as to the worth and importance of such inquiries. No development of man's intellect, or of his moral sense, can take place until his physical wants are satisfied. The latter is a "condition precedent" to the former. Whatever tends to impart to labour its maximum amount of productiveness, and to prevent needless waste of wealth, tends to procure to the labour-seller more of physical comforts and less of physical toil. It tends to emancipate him, not indeed from the wholesome and ennobling duty of working, but from the drudgery of doing nothing else but work. All labour and capital, wasted by being directed to useless, unprofitable, or improper objects, are utterly thrown away, and by their misapplication the wealth remaining for distribution is unjustifiably diminished. To obviate this wrong against humanity is the mission of the economist, and, involving, as it does, the material as well as the mental and moral welfare of the great bulk of mankind, it is as noble an object as any science can have in view.

Those who, leading a life of refinement and

culture, affect to look with disdain on studies connected with the pursuit of wealth, should remember that they are themselves entirely dependent on its possession, either acquired or inherited, for the indulgence of their tastes. Few writers or painters refuse cheques for their works, and the most fastidious of them overlook for the nonce that, as labour-sellers and payment-receivers, they become parties to one of the most commonplace of mercantile transactions. We see no loss of real dignity on either side. Neither need sneer at the other.

Let us now look at the first of the four propositions with which we have started.

1. ALL THE WEALTH THAT IS OBTAINED OR PRODUCED BY HUMAN EXERTIONS IS ACTUALLY DISTRIBUTED AND USED.—The exceptions to this statement are so few, and comparatively so insignificant, that they prove the rule by showing how little it excludes. They chiefly arise from accidents that are more or less remediable. Let us enumerate the most notable instances in which wealth is annihilated without being distributed and used. (1) Destruction through shipwreck. (2) Destruction by fires, inundations, earthquakes, and similar natural causes. (3) Decay while waiting consumption (decomposition of fruit, fish, meat, and other perishable articles). (4) Heating and spoiling of grain, cotton, and other cargoes during their conveyance from one place to another. (5) Occasional over-production from want of market (grain rotting in some parts of roadless Russia; maize-ears used as fuel in some parts of America, &c.). Besides these, a few still more trivial cases may be adduced;

but all of them put together, when compared with the enormous volume of continuous production that results from the aggregate labour of all mankind, form so minute a fraction that the truth of our first proposition is thereby far less impugned than confirmed.

And it stands to reason that it should be so. Man does not labour to produce unless he derive some benefit from his labour. If, in exchange for what he produces in excess of his own wants, he can obtain from some other producer things that he feels a desire to possess, he will continue to produce in excess of his own wants; but should no opportunity exist for his making such exchanges, he will confine his production to his own personal requirements. For he has no inducement, and why should he labour fruitlessly? In short, unless wealth be distributed and used, it will cease to be produced. The practice of hoarding (which has greatly diminished and is gradually disappearing), and the unsold stocks of goods in dealers' hands, are causes which delay but do not prevent ulterior distribution.

On this proposition, which many may regard as a mere truism, we lay great stress, because, simple as it may appear, it is pregnant with important inferences and conclusions.

2. THE MORE WEALTH THERE IS CREATED, THE MORE THERE IS FOR DISTRIBUTION, AND THE MORE "OBJECTS OF DESIRE" FALL TO THE LOT OF EACH HUMAN BEING.—That the more wealth there is created, the more there is for distribution, is self-evident. As to possible im-

provements in the mode, or in the proportions, of that distribution, such topics do not come within the scope of the present treatise. We are here dealing with things as they are; and we assert that, even under the existing laws which regulate distribution, imperfect as they may be, the more wealth there is created, the more there is distributed among all classes of the community. All receive more or less of additional benefit from the increased mass of wealth that is created. If much is produced, there is more for all; if little is produced, there is less for all. In the former case nobody is pinched; in the latter case, savings-holders (capitalists) get what they want, while labour-sellers get what they can. Abundance leaves a large, scarcity a small, overflow, after the requirements of the rich are satisfied. It is clearly the interest of all, especially of the non-capitalists, that man's productive powers should be exercised in the most efficient manner, so as to create the largest possible fund of wealth. For it is out of that fund that human wants are supplied, and the more there is for all, the more there ought to be for each. The smaller the fund for distribution, the worse for the weak; for, in the scramble, the strong prevail and the weak suffer. Our great aim, therefore, should be to secure an abundance of every object that can contribute to man's material, and consequently to his intellectual and moral, well-being.

In articles of primary necessity distribution is not very unequal, except in cases of absolute destitution. A prince does not consume more food

than a peasant, and the greater the quantity of food raised, the more (since what is produced is distributed) falls to the lot of every man, rich or poor. Similarly, if all other articles, (1) of necessity, (2) of comfort, (3) of luxury, were produced in greater abundance than they now are, then in the proportion of such extra abundance the distribution would extend to a larger circle of consumers. There is no physical hindrance to those articles being produced in such abundance as that the distribution should extend to every member in the community. The hindrance entirely lies in ignorance, bad government, and other remediable causes. The aggregate productive power of man, properly developed and directed, is almost boundless. Its present results are a mere fraction of what they might be were the science of wealth-creation generally understood, and its teachings generally adopted. Let us suppose a state of things in which, with the same number of people, the number of objects of desire created by their labour and capital were on the average multiplied tenfold. It is clear that, as all wealth produced is distributed, the additional enjoyments thus procured would, in a varying degree perhaps, but still in a positive degree, be felt and shared by all classes of the people.

It may occur to some that such a multiplication of commodities might occasion a "glut." So it would, if all commodities were equally multiplied tenfold, without reference to the relative demand for each. It is for that reason that we used the words "on the average." Some articles would be

in excess if so multiplied, while others might be multiplied almost indefinitely without sating the desire to possess them. There cannot possibly be a general "glut" of all commodities. A "glut" is simply the over-production of one or more, as compared with all other articles; or, which is the same thing, it is the under-production of other articles as compared with the one or more which are in excess. The moment the balance is restored, the glut ceases. As long as all commodities are produced in that proportion to each other which is indicated by the relative demand for them, there can be no glut. If you preserve that proportion, you may double, or decuple, or centuple the results of the same labour and capital, and there still can be no glut. Every article, however abundantly produced, is counterbalanced by, and is interchangeable with, a similar abundant production of other articles; and the result is not a glut, but a general abundance of all articles. It is this general abundance which, overlapping the requirements of the rich and strong, overflows on to the wants of the poor and weak; and it is this general abundance which it is the object of science to secure and apportion.

Given that "the more wealth there is created," the more falls "to the lot of each human being," it follows as a necessary consequence that

3. ALL OBSTACLES TO THE CREATION OF WEALTH ARE INJURIOUS, AND OUGHT, IF POSSIBLE, TO BE REMOVED. ALL AIDS TO THE CREATION OF WEALTH ARE BENEFICIAL, AND OUGHT, IF POSSIBLE, TO BE ADOPTED.—This seems a simple truism, and yet, while in the abstract it is

recognised, in practice it is ignored. It has been left to individual exertion (based on the acquisitiveness inherent to men) to adopt such means of accumulating wealth as lay in the power or satisfied the cupidity of each. True that governments have occasionally interfered in the shape of bounties and prohibitions, monopolies and patents, restrictions and privileges; but such assistance, while perhaps enriching a few, has only impoverished the community, and paralysed its productive powers. Statesmen have taken no large views of the important bearings of wealth-creation and wealth-distribution on the physical and moral welfare of the human race. Men cannot rise in the scale of being unless their material wants and spiritual aspirations are both ministered to. When we come to the enumeration of the obstacles and aids to wealth-creation, it will be seen how very many there remain of the former to be removed, and of the latter to be developed, before civilisation has exhausted all the means which are within its reach of benefiting mankind.

Before going farther, it will be necessary to inquire (*a*) into the claims of money to be considered as wealth; and (*b*) into the sources from which wealth is derived.

(*a*) We have defined "wealth" as meaning "all such objects of human desire as are obtained or produced by human exertions." It is clear from this definition that wealth consists of a vast number of things that are not money. But we go farther, and assert that money (whether in the shape of specie or of paper notes) is not wealth.

Suppose that all the money in the world of every sort were buried in the depths of the Atlantic Ocean, the wealth of the world would remain all but undiminished. The actual loss to, and deduction from, the mass of the world's wealth would amount to a few tons of metallic substances of very little use except for ornamental purposes, and a few reams of paper. The real wealth, to which the defunct money merely represented the relative claimants, would remain intact. There would be left just as much of food, clothing, house-accommodation, articles of luxury, land, labour, machinery, &c. &c., as before. It is the distribution thereof that would alone be affected.

On the holders of money such a catastrophe would inflict great injustice and hardship. They would lose the vouchers which entitled them to a defined share in the world's wealth. That wealth would remain as great, but, along with their money, their claim to a share of that wealth would vanish. They would get less, and others would get more, than their rightful proportion. The destruction which we have supposed of the precious metals would also, until some other standard of value were adopted, occasion enormous inconvenience, disturb the course of commercial interchanges, and necessitate a temporary resort to barter. It would disorganise the trade of the world, and for a time obstruct many of the processes of wealth-production. But while readily allowing all these evil consequences of the supposed annihilation of money, the fact still remains that it would not, to any extent worth considering,

diminish the aggregate amount of the world's wealth. It is clear, therefore, that money itself, as money, is not wealth, but that it merely represents the conventional and legal claim which the holder of money has to a certain share of those objects which do constitute wealth.

If the holder of a guinea ticket to a public dinner loses his ticket, and in consequence loses his dinner, that does not diminish the quantity of the meat and drink provided. The loser of the ticket forfeits his share of the feast, but that share is not, therefore, lost. It is simply distributed in some other way than it would have been if the ticket had not been lost. Money is wealth only in the same figurative sense that the ticket is turtle-soup and venison. Both entitle the bearers to a certain quantity of what they represent; but neither the destruction of the money nor the destruction of the ticket would diminish the stock of desirable objects, to a portion of which the money or the ticket gave the holders a claim.

There is no law of nature appointing gold and silver to be standards of value, or privileging them to perform the functions of a circulating medium. It is simply a question of convenience. In some countries, cowrie shells or cakes of salt perform the same functions; and, indeed, nearly everywhere, those functions are largely performed by bits of paper, with a few words written or printed on them, which have no intrinsic value at all. The adventitious value of gold and silver arising from the universal consensus of mankind to use them as standards of value, is very great indeed as com-

pared with that which they would intrinsically possess as metals, if they were deprived of that exceptional privilege. Supposing other standards of value adopted in their stead, thus limiting their use chiefly to artistic and ornamental purposes, how much more would they be worth than nickel or aluminium? The gold in a sovereign now exchanges for about thirty quartern loaves; it may be questionable whether it would then be exchangeable for more than one, if for so much. But however small comparatively may be the intrinsic value of gold and silver as mere metals, it is only to that extent that they constitute wealth. Beyond that value they are merely counters or tokens, which may be destroyed without destroying the wealth which they conventionally represent; just as the guinea ticket to a dinner, if made of bronze, worth, say, twopence, would, supposing it dropped in the river, entail the destruction, not of the good cheer which it conventionally represented, but merely of the twopence which formed the intrinsic worth of the ticket.

It may perhaps be suggested that money does come under our definition of wealth, as being (very decidedly) an "object of human desire." But it will be obvious, on reflection, that it is only the metals themselves, as metals, that are "obtained or produced by human exertions."

The same cannot be said of the conventional privileges superadded to them when used as money. These privileges are not a commodity "obtained or produced," and do not, therefore, come within our definition. Bank notes and bills

of exchange are also "objects of human desire," but they do not constitute, they only represent, wealth. They are desired, not for the sake of the worthless bits of paper of which they consist, but because they are tickets entitling the holders to a certain defined share in the world's wealth. The destruction of these bits of paper might perhaps disturb the relative ownership, but would by no means annihilate the existence, of the wealth which they represented.

We therefore arrive at this general theorem. Metallic money is not wealth, except to the extent of what the metal it consists of would be worth if it ceased to be used as money; and paper money is not wealth at all, but merely represents a legal claim to it.

(*b*) The three factors of all wealth are land, labour, and capital. All three are represented in every commodity "obtained or produced by human exertions." No such commodity ever existed, or could exist, without all these three elements, in varying proportions, concurring in its production. The surface of the globe which we inhabit—that is, the land, water, and atmosphere, all of which we shall, throughout this work, include in the generic term "land"—furnishes to scanty bands of savages a precarious supply of fruit, game, and fish, obtainable by a minimum amount of labour and capital; the labour being the acts of hunting or fishing, the capital being the rude implements and weapons which those acts require. In such cases labour and capital have contributed a very small, the land a very large, share. Let us take quite

an opposite instance. In the case of a picture by Mr. Millais, the few materials furnished by the land for canvas, easel, pigments, &c., contribute the merest fraction to the value of the picture, while the skilled labour of the artist, and the capital expended on his education and studies, form, beyond comparison, the most influential elements. But in each of these extreme cases, all the three factors, though in different proportions, are present. They are, indeed, indispensable to each other, and no two of them can produce wealth without the aid of the third. That without land labour and capital would have nothing to work upon, and could not even exist, is self-evident. That land and capital would be useless without labour is almost as obvious. That land and labour without capital would be totally unproductive is equally true, since absence of capital implies the absence of all tools and implements, and also of food or other stores set apart beyond the consumption of the day. Whatever is produced by labour in excess of immediate requirements, and laid by for future use, is capital. The weapons and canoes of the savage quite as much constitute fixed capital as our foundries or steam-ships. Without such capital the miserable biped would have to exist on the berries he might chance to find and pick up during the day, and would contribute no element of wealth. On the other hand, the English labourer, earning three shillings a day and saving one out of them, becomes a capitalist to the extent of that saving, and may, by Mr. Fawcett's admirable provisions, out of a single day's economy,

twelve penny postage stamps, become a creditor of the State to that amount.

Inference :—Since wealth cannot exist without the combination of every one of these three factors —viz., land, labour, and capital—it follows that they are each of equal indispensability, and that all disquisitions as to their comparative importance in the production of wealth are idle and aimless, since their relative potency is indefinable.

CHAPTER II.

Classification of Obstacles and Aids to Wealth-Creation—Division of Labour—Free Commercial Intercourse—Loss Inflicted by the Opposite Policy.

WE now come to the 4th proposition laid down at page 2, and we contend that

ALL OBSTACLES AND AIDS TO WEALTH-CREATION SHOULD BE IDENTIFIED, CLASSED, AND DISCUSSED, WITH A VIEW TO THEIR RESPECTIVE REMOVAL OR ADOPTION.

We fancy that this proposition will meet with ready assent. If it be true that the more of wealth there is created, the greater is the benefit to the human race, it necessarily follows that it is essential to trace the causes that either promote or impede wealth-creation. We shall first proceed to consider the chief aids to the creation of wealth, which we may classify as follows :—

A 1. Division of labour,

A 2. Free commercial intercourse,

A 3. Capital intelligently employed,
A 4. Machinery and labour-saving processes,
A 5. Facilities of inter-communication,
A 6. Scientific discoveries,
A 7. Education and morality.

We shall then proceed to consider the chief impediments to wealth-creation, which may be classified as follows :—

B 1. Insecurity of person or property,
B 2. Superfluity of unproductive consumers,
B 3. Wars and international rivalries,
B 4. Commercial isolation,
B 5. Ignorance and immorality.

On the peculiar position of land in regard to its limitation of extent and its immovability, as compared with the unlimitable growth and universal adaptation of labour and capital, we shall remark farther on.

A 1. DIVISION OF LABOUR.—It is curious as well as instructive to compare the fecundity of a man's labour, when he is working in intelligent combination with others, with the sterility of the same man's labour when he is working isolatedly. A hive of men, harmoniously co-operating, can, without overstrain, produce indefinitely more than their joint requirements; whereas, all the efforts of a solitary individual can scarcely supply his most pressing wants. To say that in the one case man is a giant, in the other case a child, is a feeble expression of the relative power which the two positions confer on him of producing wealth. It would be nearer the mark to say that in the one case man can do everything, and in the other nothing.

What is the source of this enormous increase of the wealth-creating powers of men when acting in concert? If this co-operation of man with man to effect a common purpose were confined to the mere combination of their physical forces, but little would be gained. A heavier weight might be lifted, or a more bulky obstacle might be removed, or the ferocity of wild animals might be more easily subdued—results of no great importance.

It is a far more subtle and potent influence that comes into play—the reasoning faculty. Through its promptings, the work to be done is distributed into a variety of parts, each of which is assigned to a distinct set of labourers, whose labour is confined to that part. It is this distribution of certain work among certain workers—this division of labour—that renders human exertions a thousand-fold more productive than they otherwise would be. It operates in a multiplicity of ways: by perfecting, through early education and constant practice in one direction, the manual dexterity of each worker; by training the worker to deftness in the rapid and effective handling of tools; by stimulating the inventive faculty to devise special labour-saving machines; by ensuring continuity of effort on one object, thus avoiding waste of time in passing from one task to another; by concentrating the maximum of attention and energy on each separate and subordinate process; by affording the freest scope for the development of natural aptitudes; and, generally, by making the efforts of each individual harmoniously subservient to the common benefit of all; so that Nature's peculiar gifts to each part

shall be enjoyed by man in every part of the globe.

Even that simplest of implements, a spade, is not the work of one man, but of some half-dozen distinct sets of workers. The lumberer furnishes the timber, the carpenter shapes it, the miner (perhaps hundreds of miles away) digs the ore, the iron-founder smelts it and beats the metal into shape, the nailer contributes the means of binding the iron to the wood, and the carrier conveys the materials or the articles to their destinations. During the time that it would take an isolated man to make a single spade (and if he could do it at all, it would be a very clumsy and imperfect specimen), one hundred men, by dividing their labour, would probably make one hundred thousand or more. But if such be the striking results of the division of labour in the production of so simple an article, imagine its marvellous potency in the case of a complex form of human industry. Let us take as an instance one of those magnificent steamers that act as movable bridges between New York and Liverpool. Here, instead of half-a-dozen sets of workers, the labour of building and equipping that steamer has been divided among, not scores, not hundreds, but thousands of distinct sets of producers. Such is the limitless variety of objects which the construction and outfit of this floating palace embrace, that there is hardly a section of human industry that has not been made available for, hardly a region of the globe which has not contributed to, and scarcely a science within human ken which has not been pressed into the

service of, that glorious creation of man's brains, labour, and capital. It is to the division of labour that we chiefly owe this wonderful achievement. Without it, man's constructive power would hardly go beyond the canoe or the coracle.

It may be said that the world freely admits the advantages that flow from the division of labour, and that our advocacy is superfluous. We reply that it is not so. The principle of the division of labour is at present violated, and its benefits discarded by the fiscal ordinances of almost every civilised Government. Whenever the division of labour (whether assisted by other circumstances or not) produces an article more cheaply in one country than in others, the latter refuse to admit such article; and thus ignore and reject the benefits conferred by the division of labour. If its quickening influence on the creation of wealth be "freely admitted," how is it that statesmen circumscribe its operation within the narrow limits of a single country, and forcibly repress its beneficial action by proscribing international division of labour? Let us briefly examine into this.

The amount of benefit derivable from the division of labour is in direct proportion to the magnitude of the area and the number of people over which its operations extend. The greater the diversity of the climate and soil, as well as of the aptitudes and personal peculiarities of the populations, the greater is the scope for the profitable operation of the division of labour. In isolated and thinly populated regions, in which families live far apart from each other, and the

means of communication are scanty, each household provides for most of its own wants by its own labour; and we are reminded of those old primitive times when men "delved" and women "span." Under such conditions, no organisation for the division of labour can take place. Isolation of the region itself from the rest of the world, and isolation of the members of the community from each other, form a double obstacle.

It is obvious that the full development of the principle of division of labour can only be reached when there is no isolation, and when there is free and unrestricted intercourse and interchange between all men of all nations all the world over. Then does this great wealth-creating agent put forth its full power and efficacy. It has then the greatest possible diversity of elements to work upon, and these give it the greatest possible scope for its operations. Its completeness and perfection depend on its universality. Whatever is short of international—that is, universal—division of labour, cripples its action, and renders it partial, stunted, and proportionately feeble.

And yet what is the policy adopted in regard to it by almost every country in the world? A policy of commercial isolation directly opposed to the development of the division of labour. True that the latter principle is recognised and adopted by each country within the limits of its own territory, but, under the so-called protective system, it is ignored and scouted in its relations with the rest of the world. Instead of an international or universal, we have an intra-national or sectional

scheme of division of labour. Instead of that prolific agency for maximising the productiveness of human toil being allowed a full sweep over the entire industrial world, the surface of the globe is cut up into patches of territory, larger or smaller, each of which is commercially isolated from the rest, and none of which will allow free ingress to the cheap productions of the others. Thus the cheapness achieved by the division of labour in one country is counteracted and rendered unavailable to the rest by means of import duties, prohibitions, &c., enacted for the purpose of raising the cost or prohibiting the admission of cheap goods from foreign countries. Vainly indeed does the division of labour diminish the cost of production as long as statesmen proclaim that cheapness is an iniquity which has to be repressed by legislative enactments.

Under what mistaken notions statesmen adopt that view, we shall take another opportunity of inquiring; but meanwhile it must be clear to all that if the benefits which the division of labour confers are great and undeniable, it must be quite as great and undeniable an evil to counteract and nullify them. To intercept the beneficent operations of so powerful a factor in the creation of wealth as the division of labour, is an act as potent for evil as it would be to intercept the quickening action of the sun's rays on the soil, and so to create artificial sterility. It is fortunate that statesmen have not the same power to effect the latter as they have to effect the former purpose, as otherwise, no doubt, some pretexts of State

policy would be invented to justify both. To sum up, the division of labour promotes in an eminent degree the creation of wealth, but its operation is sadly checked and counteracted by the commercial isolation of one country from another.

A 2. FREE COMMERCIAL INTERCOURSE is the second of those aids to wealth-creation which we propose to review. We have just seen that this freedom of commerce is an indispensable condition in order to ensure the full development, and reap the full benefits, of the division of labour. It largely increases the wealth of the world by securing the rich results of well-applied labour and capital, instead of the poor results of misapplied capital and labour, and by obtaining for the use of each habitable zone the peculiar products which the diversity of climate, soil, geological formations, &c., make special to other habitable zones. It enables all men in all countries to devote themselves to that particular work for which they have special opportunities or aptitudes. This they are, at present, prevented from doing. Governments, at an enormous expense to the community, compel producers to take their labour and capital away from the work which they are doing better than foreigners can, and to apply the labour and capital so diverted to work which foreigners can do better than they can. By this misdirection of power much of it is wasted. Instead of large results cheaply obtained, we have smaller results obtained at a greater cost. The wealth-creating power of the world is proportionately impaired. It loses the maximum productive force of labour and capital

employed at their best, and in return only gets the feeble productive agency of the same labour and capital directed to objects for which they are less fitted, or under circumstances which tend to hamper their efforts.

The immense difference between the results respectively obtained by these two opposite modes of applying labour and capital has not, we think, been carefully considered or adequately appreciated. If it be for the benefit of man that the greatest possible abundance of the objects of human desire be created, and, as a consequence, distributed, it must be essential to inquire into the reality and the extent of the "immense difference" referred to. The difficulty is to assess that difference. It would be easy enough in isolated cases. For instance, a carpenter and a bookbinder are both earning five shillings a day: what would be the market value of their labour, supposing that a paternal Government were to enact that they should exchange occupations? Would that value be even one-fourth of what it is now? Under this supposition, the loss occasioned by the act of the "paternal Government" is obvious enough, and may be measured and computed. But the task is not so easy when it has for subject-matter all the complex conditions of an entire community. Let us make a rough and rude attempt.

Given that combined labour and capital, under present conditions, are earning an average remuneration both as to wages and profits, and are yielding an average volume of wealth-production, what would then be the effect of Government pro-

hibiting the admission of some article hitherto imported from abroad, and thus seducing a certain portion of labour and capital from their present employment into the service, more lucrative for a short time, of a native monopoly for that article? What would follow?

(*a*) There can be no export without a corresponding value of import. Whatever be the amount which you cease importing from abroad, in consequence of producing the prohibited article at home, to that same amount will your exports be diminished of other articles. This prohibition is, therefore, "a heavy blow and great discouragement" to your staple industries. To the extent of that diminution of your exports, it throws native labour out of employment and deprives capital of its remuneration. To that extent your foreign trade is cut off, and all the interests connected with it, whether it be working men, manufacturers, merchants, or ship-owners, are proportionately injured. It was probably the intention of the paternal Government to benefit its native industries; but a paternal Government sometimes make mistakes, and, in this instance, it has, by curtailing imports, curtailed to the same extent those sales to the foreigner by which native industries benefited, and has therefore inflicted on those industries positive and substantial injury. Now, what is there to set off against these evils? It is merely that the labour and capital thus thrown out of employment are gradually, more or less, absorbed in the new establishments created to supply the prohibited article. The new industry is not a field for the investment of fresh labour and

capital, but an inadequate refuge for the old labour and capital that have been displaced; and the conditions under which that displacement has been effected are these. You have diverted labour and capital from the production of commodities at so cheap a cost that foreigners bought them of you, to the production of an article at so dear a cost that a prohibitory law is necessary to prevent your people from buying it of the foreigner. Is there much to boast of in this result?

(*b*) The higher wages and larger profits which had lured labour and capital away from their old channels into the new monopoly, would prove very transitory and short-lived. For, by the inevitable operation of internal competition, they would rapidly subside into their normal and average scale, while the evils which the change had entailed would prove permanent and cumulative.

(*c*) Let us suppose that 40 per cent. be the rate of prohibitory import duty requisite to prevent imports from abroad of the article in question, and to give a monopoly of it to the native producers, then it follows, as a necessary consequence, that the consumers in that country will have to pay 40 per cent. more for that article than they paid before. Otherwise, why should a 40 per cent. duty be requisite to keep out the foreign goods? Note that this estimated percentage is decidedly below the average, for in numerous instances those duties reach 100 per cent. and more.

(*d*) This artificial dearness of even the single article in question banefully influences the cost of other productions. For instance, the dearness of

iron cripples and checks ship-building, and largely increases railway fares. The dearness of clothing either presses heavily on the working man, or if his wages are raised in exact proportion, he is no better off than before, while the increased cost of labour enhances the cost of every production in the country.

(*e*) To take a wider view of the subject, let us inquire what the result would be of such fiscal restrictions on the aggregate substantial wealth of the world. In respect to those articles in every country on which import duties are imposed for other than revenue purposes, whether those duties be prohibitory, or protective, or incidentally protective, such duties afford a fair measure of the extra price which the consumers pay for those articles beyond what they would pay if such duties did not exist. Assuming that 40 per cent. *ad valorem* be the average of such duties (and that percentage is certainly below the reality), it follows that consumers of the protected articles pay 140 pieces of money (whether £'s, or dollars, or francs, &c.) for the same quantity and quality as could be purchased elsewhere for 100. Under prohibitory duties, the whole of these additional 40 coins go to the native producers of these articles, and none to the revenue of the State. Under protective duties, some portion of the 40 coins goes, in the shape of customs' duties on imports, to the national revenue, and the rest to the native producers. When those duties are high, the State receives less, because the imports are smaller. The lower the duties, the larger is the portion which accrues to the State.

The more effective the protection, the worse for the revenue, and the nearer protection approaches to prohibition.

But whether foreign goods be wholly or partially excluded, the percentage of duties necessary to enforce such exclusion is evidently the measure of the extra price which consumers have to pay for such goods. If the native producers could produce as cheaply as the foreigner, they would sell as cheaply, and no import duties would be requisite to keep foreign goods away. But taking at 40 per cent. the average duties necessary to effect that purpose, it clearly follows that the native producers must expend 140 coins' worth of labour, &c., to achieve what the foreign producers accomplish by the expenditure of 100 coins' worth of labour, &c. The difference, which in the aggregate amounts to an enormous sum, is simply waste and misdirection of energy. It is a thriftless application of power to the wrong object, just as it would be to set a carpenter to make a coat, and a tailor to make a table. It is easy to infer the enormous loss which hence accrues to the wealth-producing power of the country and of the world at large.

We shall, however, have occasion to recur to this subject when we come to consider commercial isolation as one of the impediments to wealth-creation; and we therefore confine ourselves here to showing how largely free commercial intercourse contributes to the goodly work of promoting the creation, and consequently the distribution, of "all such objects of human desire as are obtained or produced by human exertions."

CHAPTER III.

Capital Intelligently Employed—Capital and its Earnings go to the Payment of Labour—Machinery and Labour-saving Processes—Their Influence on the Production of Wealth and on the Welfare of the Labour-sellers.

A 3. "CAPITAL INTELLIGENTLY APPLIED" is not merely an aid, but indeed a positive necessity, to wealth-creation. At p. 12 we have shown that the three factors of all wealth are land, labour, and capital. The two former—land and labour—are present in greater or smaller proportions, at all times and in all places, but the latter—capital—is the work of human hands, and owes its existence to man's industry, foresight, and self-denial. Let us frame a clear notion of what we mean by "capital," and then inquire into its functions and use.

In the first place, we shall find that, although all capital is wealth, all wealth is not capital—far from it. The wealth which human exertions have obtained or created is used by its possessors in a variety of ways, which we may classify under the following four divisions. Wealth may be devoted

1. To reproductive purposes; that is, to the creation of fresh wealth.
2. To purposes which are not reproductive, but are necessary or useful; for instance, to social arrangements for the security of person and property, to the reasonable enjoyment of material comforts, to education,

to intellectual and moral development, to recreation, &c.

3. To useless purposes, such as a redundancy of public servants and other non-productive consumers, or the indulgence in superfluous luxuries, ostentatious displays, &c.
4. To destructive and evil purposes, such as unnecessary wars — the employment of brute force to crush liberty or perpetrate injustice, &c.

It is that portion of the world's wealth which is devoted to the first of these four sets of purposes—viz., to reproductive purposes—which alone constitutes what we call capital. In the other three ways, wealth is absorbed and consumed; whereas the wealth which is used as capital is not only not consumed, but continuously yields a large accession of fresh wealth. It is like the seed-wheat that is saved for sowing, and that lays the foundation of future rich harvests.

Capital, therefore, is that part of wealth which is devoted to reproductive purposes. It consists of the savings effected by means of an excess of production over consumption. The larger that excess, the more rapid the accumulation of capital. Roughly speaking, then, "capital" and "savings" are convertible terms. The working man who puts by half-a-crown out of his weekly wages thereby becomes a capitalist, and not only benefits himself, but the world at large. He is a contributor to that reproductive fund by means of which fresh wealth is created.

To the part which capital plays in the creation

of wealth we have already made some reference at p. 12. We have there shown that without capital labour must be sterile, and could engage in very little work beyond such as would each day provide food for that day. In order to apply labour to work requiring time to yield results, a stock must be previously laid up to provide subsistence during that time. Such stock is the earliest and simplest form of capital. In this shape we see capital sustaining labour, while labour is engaged in creating fresh wealth. Under the complex conditions of old civilised communities, the same principle—a principle on which is founded the mutual dependence of capital and labour on each other—is carried out, but on a far larger scale, and in a less obvious form. The capitalist (that is, the savings-holder) supplies the labourer (that is, the wage-receiver) with the means of subsistence, &c., during the time that the latter is working for him at a task—let us say constructing a railroad—which will not be completed for a year or two, and will yield no return till completed; the contract between them being that, in exchange for the wage, the work done shall belong to the wage-payer. Whether the savings thus used belonged to one person, or consisted of contributions made by many persons, is immaterial. Indeed, all the better if the savings of the labourer have, through the medium of banking accumulations, gone towards forming the capital. In such case the labourer is at once earning interest on his savings and wages by his labour. But it is not only subsistence, &c., in the form of wages that the capitalist advances.

He also supplies—taking a cotton factory as an instance—the machinery with which, the raw materials on which, and the costly building in which, the labourer performs his work.

Not only is capital an indispensable element in the production of wealth, but we may go further, and say that the extent to which fresh wealth is producible depends on, and is strictly proportionate to, the swifter or slower growth of the world's capital. If the accumulation of capital be suspended, the productive power of man will be repressed in the same ratio. Of the three elements of wealth—land, labour, and capital—the two first have scarcely ever, unless locally and temporarily, been otherwise than superabundant; whereas capital has, on the other hand, seldom reached the full limit of the requirements for it. It is the want of capital, not the want of land or of labour, that has fixed the bounds of the world's productiveness. As more capital becomes available, more land will be utilised, more labour will be employed, and more wealth will be created. It is where and when population increases faster than capital that labour becomes redundant and wages fall.

The remedy for the redundancy of labour, and for the consequent competition which depresses wages is therefore to accelerate the growth of capital. In the long-run, be it a little sooner or a little later, capital is sure to find some channel for employment. For it is useless and profitless to its possessors unless it is utilised, and it cannot be utilised without creating a demand for labour. Some one may be found to say that a sum of

money invested in land, or in consols, does not create a demand for labour; but he overlooks that the money paid for land or consols by one person is received by another, and therefore still remains to be employed, directly or indirectly, in some form of labour. We therefore come to this conclusion—viz., that as long as there remains on the globe cultivable land uncultivated, and available labour seeking employment, there can be no redundancy of capital; and that the greater the abundance of the latter, the greater the amount of land and labour that will be utilised, and the more active will be the creation of wealth.

But if, on the one hand, labour is dependent on capital for its employment, on the other, capital equally depends on labour for its utilisation. Unused capital gradually shrivels and wastes away: ships rot, mines get inundated, machinery rusts, &c. Labour is the vivifying principle which preserves capital from decay. Let us inquire in what shape capital (that part of wealth which is devoted to reproductive purposes) exists. We shall find it to consist chiefly of ships, roads, and railways; of farm-buildings, factories, and foundries; of implements, machinery, and tools; of horses, sheep, and other cattle; of mines, docks, and harbours; and of an infinite multitude of other forms of wealth. All these objects we find it convenient to class under the generic name of "fixed capital." A very small and insignificant portion of capital exists in the shape of money (not wealth of itself, but counters entitling the bearer to a definite

quantum of wealth), and this portion is designated "floating capital."

Without labour, neither of these two classes of capital are in the slightest degree available for the reproduction of wealth. Of the floating capital—that is, the money—every farthing of it goes, directly or indirectly, immediately or mediately, to payments for labour; that is, to wages. Trace the course of a sum of money carefully, you will find that its eventual destination is the payment of wages. Supposing it placed on deposit in a bank, the bank may with it perhaps discount A's bill; A may then with it pay his rent to B; then B may perhaps use it to pay his tailor; but ultimately, after a few transfers, it will, before long, find its way into the pocket of the labour-seller. It may, like a snow-flake, float a little while in the air, but finally it will drop and melt into wages.

In the same way, the whole of the earnings of fixed capital are, directly or indirectly, appropriated to the remuneration of labour—that is, to the payment of wages. Take, for instance, a railroad. Of its receipts, a large proportion goes directly to the payment of the men in its service, another portion is appropriated to the purchase of coals, repairs to rolling stock, maintenance of permanent way, &c., of all which purposes wages form the main item of cost, and, on balance, a dividend (probably small) is distributed among the capitalists who have subscribed the money for its construction. But even that dividend itself goes (more or less directly) to the payment of wages in the way we have described above in the case of floating capital.

By no device can capital evade the inevitable law that, if it is utilised at all, it must be by the employment of labour, and therefore by the payment of wages. Machinery cannot be used, ships cannot be navigated, mines cannot be worked, except by human hands; in short, fixed capital is unavailable and valueless, unless under the condition that it shall devote its earnings, more or less directly, to the hire of labour and the payment of wages.

It is, we think, essential fully to develop and definitively to establish this principle, in order that it may be clearly seen how much the interests of the labour-sellers are benefited by promoting the growth and accumulation of capital. As yet, this is neither understood nor recognised by a large proportion of those who are most interested in the inquiry. The chief complaint of the labour-sellers is, that in the distribution of the wealth created by combined labour and capital, the capitalist receives an unduly large, and the labour-seller an unduly small, share. That is a legitimate subject for investigation.

But many go much further, and a great number of honest and truth-seeking working men not only underrate capital as a factor in the creation of wealth, but omit it altogether, and proclaim themselves the sole producers of all wealth. That this is a great mistake plainly appears, we think, from the foregoing considerations; and we shall have done good service to the working men by removing this erroneous impression from their minds. All error is misleading, and it is a very grave one to ignore the joint action of capital in the production

of wealth. Both capital and labour are indispensable agents in the creation of wealth, and both are entitled to participate in the enjoyment of it. The question may arise, in what proportion respectively? By what process, and under what law, is that apportionment to be determined? We may probably in another work specially consider how far, and in what way, the present competitive system may be reformed, readjusted, or replaced by the co-operative principle. But, meanwhile, we shall proceed to point out how, under the existing competitive method, that apportionment does take place, and in what respects it is susceptible of considerable modification.

The proportion in which the wealth obtained or produced by human exertions is divided between labour and capital—or, in other words, the wage-rate—depends, within certain limits, on, and varies with, the ever-varying relative supply of labour and capital. If labour is abundant in proportion to capital, the labour-sellers, eager to turn their commodity, labour, to account, will compete with and underbid each other, and wages will fall. If, on the other hand, it is capital that is comparatively abundant, there will be a pressing demand for labour, and wages will rise. There are therefore two sets of conditions under which an enhancement in the market value of labour may occur. One is a diminution in the supply of labour, the other is an increase in the supply of capital. The same effect on the rate of wages is produced by either alternative. In the one case, the rate of increase in the population has to be retarded; in

the other, the rate at which capital is created has to be accelerated. The first process implies prudential restraint, late marriages, emigration, &c., and is at best an unpalatable remedy. The second is quite as efficacious, as we have shown, and entails no hardship on any one. Can there be a doubt as to which of the two courses is the more eligible?

It may be objected that, granting the benefits derivable from a more rapid accumulation of capital than now takes place, such rapidity of increase is practically unattainable. This we utterly deny. Indeed, the very aim and scope of this work is to show the contrary. We believe that there is hardly a limit to the possible creation of wealth; and that there are so many aids to production which are foolishly neglected, and so many obstacles to production which are foolishly maintained, that the adoption of the former and the removal of the latter would almost indefinitely extend man's power to create wealth.

It is clearly the interest of mankind, and especially of that large class who live by the sale of their labour, that the largest possible portion of created wealth should be set aside as capital for reproductive purposes, so that the growth of capital should do more than merely keep pace with the increase of the population. Capital and labour act and re-act on each other, and alternately become cause and effect. The more there is of capital, the more labour will be employed; the more there is of labour employed, the more wealth there will be created, and the more will be put by as capital; and then, recommencing the cycle, the

more there is of capital, &c. &c. But if the portion of created wealth set aside as capital for reproductive purposes be small, and an undue proportion of that wealth be absorbed for the three consumptive or evil purposes enumerated at p. 27, then the accumulation of capital becomes slow, the employment of labour is checked, and the amount of wealth created is curtailed. Meantime, the number of the labour-sellers still goes on increasing, while less is produced for distribution among them.

We conclude, then, that capital is one of the most efficient aids to wealth-creation, and therefore that all influences are evil which tend (*a*) to check its increase by devoting too large a proportion of wealth to mere consumptive purposes; (*b*) to waste capital by using it unintelligently—that is, by applying it to injudicious and unprofitable enterprises; and (*c*) to discourage the local employment of capital by rendering it insecure, or thwarting its operations, or minimising its returns, and thus driving it away into other channels.

A 4. MACHINERY AND LABOUR-SAVING PROCESSES.—It is so self-evident that the wealth-creating power of labour is enormously multiplied by the use of tools, implements, and machines, that proofs are superfluous. It may, however, be useful to advert to the impression that did once almost universally, and does still partially, prevail among working men—that the introduction of machinery is injurious to their interests. That such an impression should have existed is perfectly natural. How, indeed, could it have been otherwise? We will suppose that in some industrial enterprise,

whether agricultural or manufacturing, a certain quantity of work which had required the labour of ten hands had suddenly come, by the use of a machine, to be performed by two, and that consequently eight men were thrown out of work. Could these eight men by any possibility view the machine that took the bread out of their mouths otherwise than as a curse? They had worked, and were willing to work, to gain an honest livelihood by the sweat of their brow; but here they were supplanted, ousted, and turned adrift into poverty and despair by this substitution of wood and iron for human hands and human industry. What could they see as the end of it?—ultimate advantage to working men? Certainly not. Nothing but (through no fault of theirs) destitute homes and starving children.

The rioters who, in 1779, destroyed Arkwright's mill were men whom the rapid introduction of machinery into the manufacture of cotton goods at that stirring period had thrown out of work. To these men the labour-saving processes adopted had brought misery and starvation. Take it from their point of view, what more could they see than this: that the means of earning their daily bread was taken from them, and that the cause of this was the use of machinery? Is it wonderful that they should have waged war against the machines to which they traced their sufferings? That their views were erroneous, and that the introduction of machinery has proved an immense benefit to the working class, is now all but universally admitted. But even now, is the process of reasoning that ex-

plains in what way that benefit accrues to the working class obvious to everybody? We doubt it very much; and if our doubt be well founded, who shall blame the working man of a century ago for not seeing that which, even in the present day, is to many not obvious?

Of course, on the principles laid down in this work, the explanation is easy. Machinery largely increases the production of wealth; all that increased wealth is distributed and used; the greater the accumulation of capital, the greater the demand for labour, and the better its remuneration. But abstract considerations of this nature could not possibly enter the minds of the suffering men, and they were left to brood over their wrongs, and to seek redress in their own rough and lawless manner.

Moreover, it must be noted that, signal and permanent as are the benefits which labour-sellers derive from the wealth-producing power of machinery, it must necessarily, in the first instance, inflict some injury on a certain number of them for a short time. Some interval must elapse before those who are thrown out of work by the adoption of a new machine can dispose of their labour elsewhere, and the interim is necessarily a period of inconvenience, if not of suffering. True that the same amount is paid away in wages as before—indeed more; but the wages are no longer paid to the same labourers, or for the same kind of labour. The amount of wealth now produced by the labour of the ten men whom we suppose to have been engaged in a certain manufacture, and of whom eight were displaced by the adoption of a new machine,

is considerably greater than it was before the change was made. For now, two produce as much as the ten did before, and all that the other eight produce, who now labour at other pursuits, is so much in addition. This increased wealth gives proportionately more for distribution among the producers of it.

The only drawback from the universal benefit accruing from this enlarged amount of wealth created, is the temporary displacement of a certain number of workers. who have to transfer their labour to other employers—perhaps to other occupations. But, ultimately, they, along with the rest of their class, largely profit by the increased demand for labour arising out of increased capital. A similar displacement, most frequently of capital as well as of labour, follows, or rather accompanies, every stage of scientific improvement or of social progress. In olden times, as in modern times, every step forward leaves some few persons behind, temporarily entangled in the old arrangements which have been departed from. Thousands of honest scribes, who, four centuries ago, gained a livelihood by copying and illuminating manuscripts, were rudely displaced by the invention of printing, and had to seek other fields for their labours. When, less than a century ago, wigs were discarded for natural hair, thousands of wig-makers, thrown out of work, had to devote themselves to other pursuits, and, meanwhile, suffered dire distress. So it was with the displacement of stage-coaches by railways, &c. &c.

Indeed, there will occur to the reader innu-

merable instances, constantly arising, of similar displacements of capital and labour occasioned by acknowledged improvements, accompanied by the same loss or inconvenience to a certain portion of the community. But whereas the advantages of such improvements are permanent and universal, while the evil thereof is only temporary and partial, our duty is to submit to and sympathise with the latter, but by no means to falter in our adoption of the former. To do so would be a grievous mistake, and yet it is one frequently committed. Protective import duties are only another form of the principle which would compel the population to wear wigs in order to save a few barbers from the inconvenience of shifting their labour into other channels.

All labour-saving processes tend to the same end—that is, to the production of a given quantity of wealth by means of the smallest possible expenditure of capital and labour. The application of the capital thus liberated, and of the labour thus saved, to other industries gives rise to a proportionate addition to the sum total of the world's wealth. There is in the aggregate no less labour employed, although less is needed for the production of a particular article, because the wage-fund is augmented thereby, not diminished, and the whole of it goes to the payment of wages—that is, to the employment of labour.

Some have argued that, since machinery supersedes and displaces a certain quantity of human labour, then, if the use of it were multiplied in all departments of industrial produc-

tion, and if its application were, by scientific processes, to become universal, and thus (extreme hypothesis!) human wants were supplied without the agency of human labour, a large proportion of the working population would be redundant, and the pressure of competition among them would be so severe as to reduce wages to the lowest limit compatible with bare existence. The fallacy of this deduction is obvious. The very terms of the supposition—viz., that "human wants were supplied"—argue ample sufficiency for all, which is incompatible with the inferred destitution of the majority. The supposed universal application of machinery to the production of wealth implies the creation of at least as much wealth as was before produced by human labour, and therefore human wants would be supplied in at least the same abundance. The correct inference is that there would be sufficient supply for all, without subjecting, as now, the majority of mankind to the necessity of devoting a great portion of their existence to mere physical labour. Such a result would surely be beneficial, not injurious.

In order to make out that the result of the supposition would be detrimental to mankind, another assumption must be superadded, viz., that the wealth ample to supply human wants, thus created by machinery, would only be partially used for that purpose, and that the balance left, after supplying the wants of the minority, would, instead of being distributed among the majority, be either wilfully destroyed, or remain to rot undistributed! The first supposition is paradoxical enough, but the

second assumption is utterly monstrous and inconceivable. As we have before shown at p. 3, "all the wealth obtained or produced by human exertions is actually distributed and used."

Machinery (using the term generically for all labour-saving processes) is then a powerful coefficient to wealth-creation. All honour to those true benefactors of mankind whose scientific discoveries and mechanical inventions have supplemented man's physical weakness, and have added immensely to his power over the material world —who have pressed nature into the service of man, and have placed her forces as instruments in his hands!

CHAPTER IV.

Facilities of Inter-communication Promote the Creation of Wealth—Scientific Discoveries Lessen the Expenditure of Human Labour on the Production of Given Results, and Largely Increase the Ultimate Demand for Labour.

A 5. FACILITIES OF INTER-COMMUNICATION.—Until the progress of navigation had led to the discovery of America, the inhabitants of the Eastern and Western Hemispheres were as much cut off from all knowledge of and intercourse with each other as though they existed in two different planets. If it be admitted that Columbus has by his achievement benefited the world (though at the cost of partial cruelty and injustice), the admission is tantamount to asserting that the isolation of one part of the globe from the other is an

evil. The opinion of mankind (excepting, perhaps, of the Chinese and, until recently, the Japanese) has been in conformity with that conclusion, and the general principle may, without further discussion, be taken as conceded.

Our business here, however, is specially to point out in what ways the creation of wealth is promoted by "facilities of inter-communication." One of the most efficient modes in which these facilities act towards that end is by fostering, assisting, and extending the operations of that great contributor to wealth-creation, the division of labour. The full beneficial effects of those operations cannot be realised if the means of conveying the cheaper and better productions of one country to be bartered for the cheaper and better productions of another country, be slow, cumbrous, and expensive. There will be nothing gained if the advantages of such barter be absorbed and neutralised by the difficulties or dearness of intercommunication. Were it not for rapid transit and low freights, cotton from America or wool from Australia could never have come to England to be wrought into fabrics by English labour and machinery, and to be re-exported in that shape to all parts of the world. The superior cheapness of the manufacture would be overborne and outweighed by the extra cost of dear conveyance. In countries where there are no roads, or few and bad roads, intercourse is restricted, the benefits of division of labour are hardly felt, and general poverty prevails. The principle (subdivision of labour) works at its maximum rate in densely populated

and freely accessible districts, and in large cities. It is there that the classification of labour into distinct tasks is carried farthest, that its organisation is most complete, that competition most pressingly sharpens invention, that capital obtaining quick returns is satisfied with the smallest profits, and that copiously supplied markets furnish commodities in every possible variety, and at prices nearest to cost of production.

On the other hand, among a sparse and scattered population, with scanty means of inter-communication, the very contrary takes place. Labour instead of being subdivided is cumulated, and one man works clumsily at several trades; there are no opportunities for organisation, so that each hamlet or family moves in its own little orbit; there is very little competition and no invention, for who could utilise the invention, and where is the incentive? In short, the working of division of labour is at its minimum. But introduce among this loose and isolated population facilities of inter-communication, and it will be like breathing life into so many marble statues. Give them the use of roads, canals, railways, ships, telegraphs, and telephones, and this torpid population will gradually develop into action and vigour. The movement, slow at first, will acquire momentum. Emulation will be aroused, and will beget competition, which is the mother of energy and invention, skilled and special will be substituted for rude and miscellaneous labour; or, in other words, the division of labour will again be at its beneficent work, and the whole aspect of things will be changed.

What the inertness of solid ice is to running water, such is the quiescence of stagnant isolation to the activity of easy and rapid intercourse.

In another and a more direct way do "facilities of inter-communication" also promote the creation of wealth—they make those productions useful, and therefore of value, which, being otherwise out of the reach of consumers, would be unused, and therefore of no value. Let us, for an exemplification of this, take the case of Minnesota, one of the United States of America, in contrast with Tamboff, one of the most fertile provinces of Russia in Europe. Both are blessed with a soil and a climate exceptionally favourable to wheat-cultivation, viz., a deep alluvial mould and a clear sunny sky. In no other part of the world are cereals raised in greater luxuriance, and with a smaller expenditure of capital and labour. Both produce wheat in very great excess of home consumption; and both are, unfortunately, situated at a very great distance from a shipping port on the seaboard, through which their surplus produce might find a vent in the outer world.

But here the parallelism between the two ceases The surplus produce of Minnesota is all utilised abroad, and therefore constitutes wealth. The surplus produce of Tamboff is not utilised abroad, but is wasted, and rots unconsumed at home, and therefore becomes not wealth, but "simply matter in the wrong place." The reasons of this contrast are not far to seek. The paternal and autocratic Government of Russia discourages private enterprise; the fraternal and democratic Government of

the United States gives it full scope. The energy and enterprise of free American citizens have extended their railway system to every part of their vast country where there are either passengers or goods to carry. By this time (1881) the total mileage over which their locomotives run is not far short of one hundred thousand miles. By means of these great "facilities of communication" the large surplus over home consumption of wheat grown in Minnesota is conveyed, rapidly and at a moderate cost, to a distant shipping port, and thus finds a remunerative market in Europe.

Now let us look at the other side. The distance between Minnesota and the Atlantic sea-board is five times greater than that between Tamboff and the Sea of Azov; but, nevertheless, the large surplus over home consumption of wheat grown in Tamboff is debarred from all access to a shipping port from want of communication, and can therefore find no market whatever. There are not only no railroads, but even no common roads that can be used for the conveyance of the grain; and what would be a mass of wealth if it could be transported to Taganrog, or any other port on the Sea of Azov, remains at home to be shovelled into a mound in the open field, for it is not worth even the expense of a shed. There the grain sprouts and decays, the upper stratum germinates into a sickly and ephemeral vitality, and the whole soon decomposes into a mere heap of manure. We have referred to this waste at p. 3 as an exceptional instance of undistributed wealth. And the reason of its non-distribution is the absence of "facilities for inter-

communication." This absence of such facilities is again strikingly illustrated in the case of those local famines in India, of periodical recurrence, which have been known to co-exist with super-abundance of food in districts not very remote, but from which relief was debarred by the difficulties of inter-communication.

But rapidity and cheapness of locomotion, whether for men or goods, are not the only means by which facilities of communication promote the creation of wealth. Infinite is the variety of ways in which the use of the electric telegraph and of the telephone conduces to a saving of time and labour, both of which, being thus liberated, may be utilised for other wealth-creating purposes. The production of a given result by the smallest possible expenditure of human energies, leaves the more of those energies available for the attainment of other beneficial results.

A 6. SCIENTIFIC DISCOVERIES.—Every stage in the progress of the exact sciences has contributed to furnish man with fresh appliances for utilising the resources of nature, and, as a consequence, to increase his capacity for creating wealth. Each fresh scientific discovery furnishes him either with new objects on which, or new agencies by means of which, he may exercise his skill and ingenuity. The additional power which he thus acquires enables him to abridge his work by the substitution of short, cheap, secure, or decisive, for long, expensive, dangerous, or uncertain processes, and in several other ways to effect a considerable saving of labour and capital. The

inventors and improvers of machinery could have made but slow advance without the aid of scientific investigation and discovery. Indeed, in many cases the powers of discovery and of invention have been combined in the same individual. But even when they were not, their mission lay in the same direction. Science discovered, and invention applied the discovery to practical purposes. Sometimes a long period elapses between the discovery and its application, as was the case, for instance, with electricity. Franklin's reply to the question, "What is the use of electricity?" was another question, "What is the use of a baby?" And he was right; the baby grew and matured into telegraphy.

Although science has achieved so much, and has extended our knowledge of the laws of nature a long way beyond the bounds of what was once considered to be the "knowable," far from finding ourselves nearing such bounds, the horizon recedes as we advance, and our expectations of farther progress are livelier than ever. Each fresh discovery widens the field for investigation; and the more we conquer of Nature's secrets, the more eagerly and hopefully do we aspire to fresh conquests. There are still a vast number of things which we need to know, and of objects which we desire to accomplish; and just as during the last half-century progress has been more rapid than at any former epoch, so do we hope and anticipate that the advance of scientific discovery during the next fifty years may be proportionately accelerated. Who is there bold enough to prescribe limits to the possibilities that may result from scientific

investigations? One thing is certain: that each step forward will increase man's power over external nature, and will enable him to obtain larger results with smaller efforts.

But it is the exact sciences only that have exhibited this immense activity of progression. The mental sciences (metaphysics, psychology, &c.) have remained nearly stagnant, and in these Herbert Spencer is only a short way in advance of Aristotle. In the moral sciences, among which religion and politics exercise by far the most powerful direct influence over the welfare and destinies of man, some slight improvement is visible, but it is infinitesimal as compared with the rapid progressive movement of the exact sciences. In these, every step is a step forward—one discovery serves as a fulcrum wherewith to elicit another—and the ground once gained is never lost again. For instance, that electricity yields a powerful light with little heat is a fact so easily demonstrable, and so palpable to the senses of a common observer, that no one will be found to dispute it, and it will prove a recognised starting-point to other improvements, such as lighting mines without danger of explosion, &c. &c.

But it is otherwise with the mental and moral sciences. There is hardly a proposition in connection with these that is not contested by some one or other. Writer after writer on the subject partially assents to some things, and totally objects to others—to old he substitutes new definitions, which lead to fresh disputes—and at last he finds in the strictures of others upon his own propositions

a parallel to his own strictures upon the propositions of his predecessors. Meanwhile, new and old propositions, new and old definitions, and new and old conclusions, all get mixed up in inextricable confusion, and the result is chaos and inconclusiveness. All attempts to rear up a solid scientific structure must necessarily fail where there is dissension and discordance about the foundation-truths. The fact is that the mental and moral sciences have to deal with man and his ever-varying and erratic volition ; the exact sciences with matter and its fixed and constant properties. It is regrettable that no universally acknowledged standard of truth in politics, morals, &c., has yet been reached by means of the former class of sciences, but we must accept things as they are, and all we can do is to use the direct material benefits which the exact sciences confer on us for the purpose of indirectly promoting the moral and intellectual welfare of our race.

The operation of scientific discovery on the creation of wealth corresponds very nearly with that of machinery and other labour-saving processes. It similarly tends to increase the sum of human enjoyments, and, at the same time, to lessen the expenditure of human labour on the production of given results. By way of illustration, let us imagine that science should discover a cheap and easy method of supplying heat for the use of man, thus superseding the employment of coal, wood, and other fuel, and let us see what would follow.

1. There would be a demand for labour and

capital to work the new discovery. This, having supposed it to be "cheap and easy," might require, in order to produce a given quantity of heat, one-tenth, let us say, of the labour required to produce the same quantity of heat through the agency of coal.

2. The demand for coal would cease, and the coal-miners would be thrown out of employment.

3. Out of every hundred thousand of these miners, ten thousand might probably be re-absorbed as labourers on the new discovery. The other 90,000 would gradually find employment in other industries, for, as we have explained at p. 38, the fund out of which wages are paid would, even at the outset, remain the same, and if less of it were spent on one class of labour, more of it would be spent on other classes. The general demand for labour would be at least as great, and numerically as many workers would be employed —only, a little time would be required for the re-adjustment of the old supply to the new demand.

4. This displacement of workers from coal-mines to other fields of industry would no doubt be productive of inconvenience and even suffering to the 90,000 miners during the period of transition. But would the most zealous protectionist contend that the new discovery should be scouted, and its use prohibited, on account of the transient injury which its adoption would inflict on the coal-miners? If, indeed, the 90,000 displaced miners were permanently to remain without work and wages, and hence were left to perish in misery and starvation, that would be a catastrophe from which all men would recoil with horror. The erroneous impression

that such would truly be the result has led many honest and simple-minded persons to view with misgivings, if not with aversion and condemnation, most innovations and improvements; they not seeing their way to the avoidance of the catastrophe aforesaid. Their misgivings, however, do more honour to their hearts than to their heads. We, with feeling certainly not less sympathetic towards our fellow-men, know that the evil is exceptional and transient, while the benefit is universal and permanent, and that it would be a miserable weakness, not to say an unpardonable crime, to reject the latter in order to avoid the former. It is perfectly clear to all who reflect that the sum which would have been paid in wages to the 90,000 miners, and was not so paid, will, just the same, be expended in wages for labour in some other form; and that the general demand for labour which will re-absorb the 90,000 miners, will at once be at least as great as before, and eventually be much greater than before, although it may be for labour of a different kind. The only evil, therefore, that can result from the new discovery is the partial and temporary displacement of labour and capital.

5. Let us now look at the benefits which it confers. Through this cheap heat-supplying discovery, the labour of 10,000 men supplies the world with the same quantity of heat which it required 100,000 men to supply before; and, in addition, the world gains all the increased wealth which the labour of the 90,000 disengaged miners will now create by devoting that labour to the production of other commodities. This large addition to the store of

"such objects of human desire as are obtained or produced by human exertions" is all profit. It is the difference between what the same aggregate quantity of labour produced before and what it produces now. It is a gratuitous boon to mankind.

It may be objected by some that it is harsh and unjust to the working men to adopt processes that shall throw any of them out of work, that it is our duty to find them employment, not to deprive them of it, and that we ought thus to afford "protection to native industry." The fallacy which underlies this argument against all improvement is simply this. It is therein assumed that the labour-sellers, who, whether by novel mechanical appliances, or by fresh scientific discoveries, or by changes in fashion, or by the repeal of protective duties, are once thrown out of work, are condemned to remain permanently unemployed, to cease to earn a living, and to become unproductive consumers evermore, until they die off in misery and destitution. Now no such thing ever does occur. Both experience and reason show the absurdity of such an assumption. The stage-coachmen, stablemen, ostlers, &c., who were "disestablished" by the railway system, did not perish as paupers, but found other channels for honest employment.

Year after year new processes to abridge labour are adopted in every branch of trade, which, provisionally, throw a certain number of men out of employment, but it is only for a short time that their labour is lost to themselves and to the community. It is soon shifted into another groove, and continues its contributions to the national store.

We trust that we have succeeded in demonstrating that the ultimate and permanent issue of all labour-saving improvements is largely to increase the general demand for labour. As we showed at page 32, "the whole of the earnings of fixed capital are, directly or indirectly, appropriated to the remuneration of labour, that is, to the payment of wages." Whatever portion of the wage-fund might not be wanted for the payment of one kind of labour will be expended on some other kind of labour. All that portion of wealth which is created by the capital and labour set free in consequence of new discoveries or of improved processes is so much added to the world's previous wealth, so much to the good, so much more to distribute towards the supply of man's wants.

Whenever masses of industrious workers have been permanently deprived of work, it has not been in consequence of improved processes creating the same amount of wealth with the employment of less labour. On the contrary, it has occurred when production, instead of being expanded, has been abridged, when mills, furnaces, and workshops stood idle, when capital, crippled by commercial failures, or paralysed by panic, had withdrawn from its co-operation with labour. Those are the circumstances under which labour-sellers are exposed to prolonged suffering. On the other hand, the happy days of active production and of general prosperity have usually been those immediately following the vigorous impulse to trade given by the adoption of some important discovery tending to save labour. Even the most antiquated advo-

cate for "protection to native industry" would ridicule and ignore a discovery that tended not to save but to increase the labour requisite to produce a given result! The very men who went about in 1776 breaking up machinery lived to see that same machinery generally adopted, and joyfully to find that four times as many men were employed at good wages on those machine-worked manufactures as when hand-labour alone was used.

It must not be said that we dwell too persistently on this point. The erroneous assumption that, by labour-saving processes or by cheaper production in other ways, labour is not only displaced but destroyed—that the labour-seller once thrown out of work remains for ever out of work, and ceases henceforth to be an agent of production, —is at the root of many economic fallacies, and cannot be too forcibly exposed.

To sum up, we must enrol scientific discoveries among the most powerful auxiliaries in the noble and beneficent work of wealth-creation.

CHAPTER V.

Education and Morality promote, and are promoted by, the Creation of Wealth—Erroneous Notions concerning the Virtues of Industry and Frugality.

A 7. EDUCATION AND MORALITY.—It will hardly be required of us to do much more than simply enunciate the following proposition, viz.: The universal diffusion of sound knowledge tends to

develop all those qualities in man which most efficiently promote the creation of wealth, and to correct and abate those social evils which notably impede it. The idle, the improvident, the intemperate, and the lawless, are mainly recruited from among those whom no education has rescued from the baneful influence of bad surroundings, or from the mental torpidity of sheer ignorance. This is not the place for referring to the distinction between the preparatory education that teaches the pupil *how* to think, and leaves his mind open to future inquiries and convictions, and the dogmatic education that teaches the pupil *what* to think, and grafts on his mind convictions ready-made. We hail with a hearty welcome all work and all workers in the cause of education. Only let the thinking faculty that resides in every human breast be quickened into active life, it will soon find the food on which to grow, and may eventually expand into a vigorous individuality. Education gives every man his chance, and that chance society is bound to afford to him.

A notion once prevailed among many people, and may still be found lingering in sequestered nooks, that education would turn the heads of the working people and deprive the world of housemaids and cooks, of navigators and scavengers. The schoolmaster has been busy for some years, but no such result has occurred, and the more highly educated the people, the less likely we think it is to occur. On the contrary, the prevailing and very proper tendency is to recognise the dignity of all honest labour. No kind of useful

work is ignoble, and its faithful performance confers honour, not discredit. Education, by raising the labourer in the social scale, raises the work at the same time to a higher level. Indeed, education may be said to sanctify labour and elevate it to the rank of a sacred duty. The superiority of one task over another can only depend on the greater or lesser amount of intellect, inventiveness or conscientiousness which each task may respectively involve; and the superiority of one worker over another can only depend on the greater or lesser thoroughness and skill which each worker may respectively display. It is on these gradations that the hierarchy of work-performers will eventually be founded.

In the word "education" we naturally include the idea of "morality," for the latter is always intended to be, and really is as a rule, the outcome of the former. There are, to be sure, many well-educated men who are immoral, many clever rogues, and some sensational Eugene Arams. But exceptions must not be construed into types. No one surely will contend that it was the possession of a certain amount of instruction that turned these persons into social pests, and that a departure from ignorance is tantamount to a departure from virtue. The softening, refining, and elevating influence of education none can gainsay, nor can any thorough training of the intellectual faculties take place without some corresponding development of the moral sense. Knowing what it is right to do is the first step towards doing what is right.

The smallest part of a man's education is that which he receives when a boy from his schoolmaster. The latter only furnishes him with the tools by means of which the man is able, in his after-life, to seek for knowledge, provided he then have at his command the time and the opportunities for so doing. Unless those two conditions are present, he will find it difficult to utilise the elementary knowledge which he gained at school. He may indeed be able to read newspapers and listen to speeches, if he has time, but these only convey to him second-hand impressions on local or ephemeral matters. From that higher scheme of true education which consists in weighing the thoughts of great thinkers on great things, and by reflection, comparison, rejection, and adoption, framing his own independent convictions on important topics, he will be debarred. And it is to the lack of those conditions and of the higher education which they alone render possible, that the immense majority of the labour-sellers throughout the world appears, under the present *régime*, condemned. Books and a certain amount of leisure are the requisites for intellectual development; but books and leisure are inaccessible to the many millions who now toil all day, and all their days, without any respite except that which is indispensable to recruit their strength for the toil of the morrow.

Is the continuance of this state of things the irrevocable doom of mankind? Is it the irremediable and inevitable outcome of our present social organisation? Are there no means, no hope, no chance of escape from it? Many have given up

the problem in despair, and while they deplore the lamentable shortcomings of human institutions, they pronounce those shortcomings to be inherent and incurable. "All else," they say, "is Utopia. Blood and iron must still rule. Man is, by nature, a pugnacious animal, with great scientific aptitudes for destroying life in large masses. He must follow his destiny. There are no means of striking an average between those who have too much and those who have too little. The present grievous inequalities in the conditions of men are the doom of inexorable fate, and must be submitted to. We must go on in the same groove. All else is Utopia." Heaven forefend that it should be so! If we assented to these doctrines, we should this instant, disheartened and disgusted, throw down our pen, and despair of the future of mankind.

But, no! We are thoroughly and deeply convinced that the holders of these doctrines are wrong. They are far too implicitly guided in their views of what may yet be, by the consideration of what has hitherto been. We contend that not only there might possibly, or may probably be, but that there ought to be, and that, some day, there will be, without any dislocation of the present frame of society, such a distribution of the products of human labour and capital as shall leave no deserving person unprovided for. Indeed, whither otherwise is civilisation tending? Is it to the physical, mental, and moral welfare of the totality—or of only a small number? If of the latter, then such a tendency is towards injustice and cruelty; for it implies superior enjoyments to the few, and inevi-

table privations to the many. If of the former, then let us proceed in the strenuous endeavour to extend all the advantages of civilisation to that totality; and if we find this, in its literal sense, unattainable, let us approach to it as nearly as we possibly can. What we want is enough of physical comfort and of mental culture for all; and these wants can easily be supplied, if human efforts, instead of being as they mostly now are, wasted or misapplied, were properly and intelligently directed. For that purpose we require such measures as will secure the largest possible production of wealth with the smallest possible expenditure of labour. Towards attaining this result the education and morality of the people play a very important part.

Among the various virtues which are included in the generic term "morality," the two which perhaps have the most direct bearing on the creation of wealth are industry and frugality. It is these virtues (which, duties at first, soon become habits) that mostly convert labour-sellers into capitalists, and that contribute powerfully to the welfare of both the individuals themselves and of the community at large. Yet neither have escaped some vulgar prejudices in regard to them. The converse of industry is idleness, and to be idle was long deemed the enviable prerogative of the rich and the great. Not to do anything that savoured of work constituted the "gentleman." The pursuit of mere amusement, the insolence of false pride, nay, even the indulgence in pleasant social vices (affording perhaps transient gratification but inflict-

ing lasting pain) were overlooked and even condoned because they indicated a "person of some consequence." These absurd notions are, however, rapidly passing away. People now look to the personal qualities of a "person of quality;" and judge of him by a critical, not a conventional, standard. It is by no means so clear to the multitude as it formerly was, that industry is degrading and idleness a badge of superiority.

In regard to frugality, the vulgar delusion assumed another shape. The easy, self-indulgent man, who freely spent what he had (or more than he had), was supposed to be a public benefactor, a liberal, large-souled man, who made money circulate, and gave a patriotic impulse to trade. On the other hand, the prudent, frugal man was set down as a close-fisted, niggardly churl, whose money was hoarded instead of descending in golden showers on the people around him. This popular fallacy embodied the doctrine preached with such perverse ingenuity by Mandeville in his "Private Vices made Public Benefits." The truth of the matter is simply this. The money of the spendthrift is circulated, and so is that saved by the economist. In that respect they both stand upon an exactly equal footing. But the former is absorbed wastefully, and totally consumed; the latter mostly becomes reproductive capital. In both cases the money finally goes to pay the wages of labour, but in the first case, the golden showers descend on the caterers of fugitive and barren luxuries; and in the second, on productive enterprises or on borrowers for reproductive purposes.

Let us take the instance of a miser who saves nineteen-twentieths of his income. The whole of that income goes into circulation just as much as though he spent it all. What he saves, he invests, or lends, or places with a bank on deposit, and it thus becomes capital. That is, it goes to increase that fund which permanently employs labour in the production of fresh wealth. If he had saved nothing, and, like the spendthrift, had wasted his whole income on personal enjoyment, it would no doubt have gone to pay labour for once; but only for once, and then vanishing for ever. As an illustration, contrast the result to a landowner of his spending a given sum on horse-racing with that of his spending the same sum on the drainage of his land. In the former case the money is gone never to return, in the latter he secures a permanent increase of income. The miser does not destroy what he does not spend. Unless he digs a hole and buries his wealth in it, he must dispose of it in some way, and, whatever way that may be, it must of necessity be of more service to the world than if he had spent it in evanescent enjoyments. Frugality, even when it runs into excess and lapses into avarice, does not cease powerfully to promote wealth-creation.

These two kindred virtues of industry and frugality exercise a very direct influence over the material progress of mankind. Capital is simply unconsumed production. Now, industry enlarges the boundaries of production, while thrift narrows the limits of consumption; and through their joint operation, the balance, which is capital, receives proportionately greater amplitude. The small

individual savings of the many form a large accumulation of national savings in the aggregate, for the wealth of a community is made up of the combined wealth of its members. Thus, while industry and thrift bring comfort and independence to each household, they build up and aggrandise the national resources. Statesmen have of late years wisely recognised the private and public advantages of these accumulations of minute individual savings, and have encouraged and facilitated them by official banking institutions, in which the smallest deposits are admitted and accounted for.

Among the labour-sellers in different countries, the relative development of industry and of thrift respectively varies according to race, temperament, education, climate, &c. Thus, we may note that, as a rule, among that mixed race which we call Anglo-Saxon there is more of industry and less of thrift. The men work hard and efficiently, but they lack self-control, and spend too much. With the Latin and Celtic peoples the tendency is the other way. The labour is not so productive, but more self-denial and thrift prevail, so that the balance of their savings is probably nearly as great. The equalising influence of education and free inter-communication will, no doubt, in time, level these differences and establish the proper mean between them.

The general conclusion to be drawn from what precedes is, that, if education be essential to the full development of wealth-creation, the latter is no less indispensable to the universal spread of educa-

tion in its higher form of intellectual and moral culture. These two factors mutually act and re-act on each other; and whatever advance is made in either, it will be quickly followed, if not at once accompanied, by a corresponding advance in the other.

We have now gone through the list of those aids to wealth-creation which we had, at p. 14, proposed to examine. That list, however, was far from an exhaustive one, and numerous other topics readily suggest themselves as tending in the same direction. But some are too general in their scope or too indirect and partial in their connection with the subject to justify, while others are either too obvious or too unimportant to require, a separate reference. It will be observed that of all those aids to wealth-creation of which we have treated, there is not one that it is not in the power of man to adopt and carry out with more or less of completeness. It is for him, after inquiry and reflection, to decide whether those are truly the best means of attaining the best ends. If deemed to be so, there is no intrinsic difficulty, nor should there be any avoidable delay, in manfully resorting to them. True, that in the way of this active advance towards universal well-being there intervene certain obstacles, but we contend that, far from being insuperable, they can speedily be removed by the intelligent exercise of human volition. At a farther stage of this inquiry we shall advert to these obstacles, and measure their power of obstruction.

CHAPTER VI.

Impediments to Wealth-creation—Insecurity of Person and Property—Superfluity of Unproductive Consumers—Their Classification.

HAVING now considered the chief aids, we shall proceed to consider the chief impediments to wealth-creation, as classified at p. 15.

B 1. INSECURITY OF PERSON AND PROPERTY. —To put it in other words, one of the most formidable obstacles to wealth-creation is bad government. It is clear that capital will not be brought into existence, or will soon cease to exist, or will take unto itself wings and fly, unless it be secure from robbery or confiscation. Who would care to accumulate capital in a country where, or at a time when, it was liable to spoliation, through either the weakness or the wickedness of the government? Under such baneful influences, not only there is no growth, but there is decadence; not only the creation of native capital is impossible, but the introduction of foreign capital is repelled.

For instance, there exists a wide and promising field for the employment of capital and labour in the vast and fertile plains and in the latent mineral wealth of Asia Minor, but who would risk either capital or labour under the precarious protection of the feeble and loose-jointed Turkish Government against the red-handed swoop of greedy and unscrupulous Turkish pashas? On the other hand, observe the enormous amount of European capital

that has been attracted, by a sense of the security to person and property that there prevails, to North America, Anglo-India, and our Australian and other colonies, and the rapid creation of wealth that has resulted therefrom. Where capital goes, there also goes labour, which both feeds upon it and feeds it—labour which consumes indeed, but which, intelligently applied, reproduces infinitely faster than it consumes. This happy combination of capital and labour generates fresh masses of wealth, of which the unspent portion goes to form additional capital, and to sustain additional labour.

Sometimes, however, lured into extra risks by the temptation of extra profits, capital gets entangled into dangerous operations. Among other forms of imprudence large loans have been granted at various times to governments and nations of doubtful solvency, mostly, however, on terms which implied a knowledge of the risk encountered. Through ignorance or dishonesty, mismanagement or misgovernment, the sums thus lent have frequently been misapplied or wasted. The wealth which, if used as reproductive capital, would have been a source of prosperity and improvement, was squandered on futile, or sometimes on evil, objects, and the borrowing governments soon became unable to pay either the interest or the principal of their debts. Thus the capitalists lost their money, and the improvident governments lost all the advantages which the proper use of that money would have conferred, had it been applied to developing the resources of their country. Made aware by

bitter experience of the insecurity of investments made in such countries and with such governments, foreign capitalists henceforward stand aloof from them. They consequently fall to the rear in the march of improvement, and lag languidly behind. Turkey and the South American republics are notable instances, among some others, of confidence so forfeited.

With trifling exceptions, the only direct means by which a government can promote wealth-creation is by affording complete security to person and property. Whenever it actively interferes, however plausible the motive, with the natural course of trade and industry, such interference is almost always mischievous. Left to themselves, buyers and sellers, producers and consumers, importers and exporters, capitalists and wage-receivers, all find out, by long experience and by constant search after new modes of gain, the best conditions under which they can make those interchanges of which trade consists, and of which the individual profits constitute the aggregate profits of the community. Undoubtedly, it is within the province of government to prohibit adulterations, to punish frauds, and to enforce contracts. These, however, are mere police duties, indispensable to the security of person and property. These only define what shall not be done, but do not prescribe how wealth-creators shall do the work which they have to do. Of that, they themselves are the best judges.

But a government goes beyond its province, and gets out of its depth, when by fiscal regula-

tions it ventures to destroy one class of industry in order to rear another on its ruins. By adopting the protective system, it takes on itself the responsibility of directing the industry of the country into other than its natural channels. In effect, the following is the announcement of its policy: "You manufacturers of articles A and B, which are now exported in exchange for the foreign articles L and M, you must shut up your factories and throw your men out of work, for we are going to prohibit the import of the foreign articles L and M, and make them at home. Therefore your articles A and B will no longer be wanted in exchange for them." Is not this a great injustice to the capital and labour engaged in the production of articles A and B? And all the more so as these latter were produced so cheaply that the foreigner bought them, while articles L and M are produced so dearly that a protective duty is necessary to compel the native consumers to buy them.

Even from the most comprehensive point of view, this meddlesome interference of governments in such matters must be either inoperative or injurious. For if it produces no change in the distribution of industries it is useless and aimless. If it does, it must be for evil, since it implies a disturbance of the natural arrangements into which commerce and industry had settled. Protection to an industry that requires protection necessitates the sacrifice of some other industry that requires no protection. All, therefore, that the producers and distributors of wealth really require at the hands of government is protection to person and

property. Most of what governments volunteer to contribute beyond that is pernicious. On the other hand, such security is indispensable to wealth-creation; for without that, most of the inducements which move men to produce in excess of their daily requirements, and to accumulate capital, are wanting.

B 2. SUPERFLUITY OF UNPRODUCTIVE CONSUMERS.—If all the adults of a community were (other circumstances being favourable) to contribute directly, by every means in their power, to the creation of wealth—or, in other words, if there were no unproductive consumers—it is self-evident that either the wealth thus created would far exceed the wants (amply supplied) of all, or else that the average number of working hours per diem would be reduced far below what they now are. Indeed, in the latter respect, some progress has already been made, and in some countries fewer hours of consecutive labour, and more frequent respites from that labour, now accrue to both physical and mental workers. We are less plodding, but quicker and sharper at our work than our ancestors. Our facilities of locomotion and intercommunication are infinitely greater, and in England, with few exceptions—such as railway pointsmen, members of Parliament, and fashionable milliners—a somewhat larger proportion than formerly of the twenty-four hours is devoted to rest, recreation, or refinement. But the general improvement is very small, and, small as it is, it only reaches a certain number in a few countries, because the aids and impediments to wealth-crea-

tion have as yet been little considered from a politico-social point of view.

While, however, it is impossible that all the adults of a community should, as is assumed in the foregoing hypothesis, become productive consumers, it is clearly in the interests of wealth-creation that social arrangements should approach that desirable state of things as closely as possible, and that there should be in a state as few unproductive consumers as is consistent with other considerations. The greater the number of those on whom the burden of production may collectively weigh, the smaller will be the strain on each.

Let us now proceed to analyse and classify the various sections into which civilised societies are divided, and to inquire whether there do not exist among them an unnecessarily large number who consume without producing, and who are withdrawn, without adequate or justifiable cause, from the important work of wealth-creation.

The following four categories will, we believe, embrace all classes of the community :—

1. Those who produce and distribute wealth—that is, who contribute land, capital, and labour.
2. Those who govern, and the various functionaries whom they employ.
3. Those who are engaged in the learned and other professions.
4. Those who are unemployed, or who have no legitimate means of earning a livelihood.

The constituents of all civil societies are resolvable into these four groups, and we shall

examine each *seriatim*, with a view to inquire how far in each the relative number of productive and unproductive consumers might be advantageously modified.

1. *Those who produce and distribute wealth.*—This division primarily includes those persons who contribute to the three factors of all wealth, viz.—land (of course including mines, &c.), capital, and labour. We have shown at p. 12 that all three are indispensable to production, and that no two of them could be efficient without the concurrence of the third. The land-owner, the capitalist, and the labour-seller are co-agents in the work, and so equal in efficacy that neither of them can claim any superiority over the rest. Land and labour without capital are about as helpless as capital and land without labour. Since, then, the production of wealth is impossible without a combination of all three classes—land-owners, capitalists and labour-sellers—it follows that each class is entitled with equal justice to be designated a productive class. The claim often put forward on behalf of the labour-sellers that they are the sole creators of wealth is inadmissible It is doing them a real service to remove that erroneous impression. Their true, and therefore their best, policy is to withdraw pretensions that cannot be sustained, and to rest their case on other and surer grounds. They may say, "Without us, the other two classes could do nothing." The answer is obvious, "Very true, but it is equally true that, without the other two, you yourselves could also do nothing. If, indeed, you possessed and contributed the land

and the capital, as well as the labour, you would then, in your treble capacity, really be the producers of wealth; but that very supposition rather confirms than invalidates our proposition that land, capital, and labour are all three necessary to the production of wealth."

How the present possessors of land and capital became possessed of them is a question quite beside the present inquiry. As far as concerns the theorem which we propound as to the equal importance of all the three elements of production, it matters not in the least in whom, whether in individuals, or in corporations, or in the state itself, the possession of the existing land and capital may be vested. If by a despotic exercise of power, the state could, without dislocating the frame of society, dispossess the present owners, and substitute a fresh set, it would not alter the fact that land, capital, and labour are all three of equal necessity to wealth-creation.

In not a few instances all three are now concentrated in the same individual. A labour-seller who, through a building society or otherwise, has secured a freehold cottage, and who has a small sum in a savings-bank, while still earning weekly wages at a factory, combines the three qualifications. Lord Shaftesbury, a land-owner by inheritance, and no doubt a capitalist by excess of income over expenditure, is indefatigable, in and out of Parliament, in the noble work of promoting, according to his lights, the welfare of his fellow-men; he also therefore combines the three qualifications. The merchant or manufacturer who has

amassed a fortune and bought some land, but who continues to work early and late at his office, equally combines the three qualifications. But it is none the less true that even when each qualification is held singly, the owners of such single qualification are all of them co-ordinate agents of production. One man lives by the rent of his land, the second by the interest of his capital, and the third by the sale of his labour; but all three are producers, as the land, the capital, and the labour are equally indispensable to the creation of wealth. All three contribute to that end in different ways, but each way subserves the common purpose in an equal degree.

We have now, we think, adduced valid reasons for classing land-owners, capitalists, and labour-sellers as joint and co-equal producers of wealth. We now come to the classes who distribute the wealth thus produced, and these embrace a very large constituency. They comprise merchants, bankers, brokers, shopkeepers, ship-owners, railway proprietors, and, generally, all persons who are engaged in the work of transferring the wealth that has been created into its multifarious channels of consumption. The number of these agents of distribution, together with their assistants, clerks, porters, carters, sailors, and many other labour-sellers employed by them, is very considerable; and their functions are of world-wide importance. Indeed, the main final cause of production is distribution. Without the latter, the former would either not take place, or would soon be discontinued. Who would go on producing unless, by exchanges,

he could reap some advantage from it? Now, distribution implies interchange of commodities; for the goods which the agents of distribution convey from country A to country B, either have been paid for beforehand, in which case they go to extinguish a debt and close a transaction, or they have to be paid for, in which case, till actually paid for, they go to create a debt and open a transaction. In either case, these transactions are finally balanced by the conveyance of commodities (of bullion in rare instances, and to an insignificant amount) from one country to another by the agents of distribution.

In this way does commerce resolve itself, directly or indirectly, into barter. Directly, when a merchant exports goods to a country, and in return imports other goods from the same country, so that the two operations about balance each other; indirectly, when the exporting merchants receive payment, not in other goods, but in bills of exchange; for these bills of exchange represent either recent purchases or old debts, for which the country on which the bills are drawn has to pay. This indirect barter through the medium of bills of exchange it is the special business of bankers to conduct. They each, within their respective range of operations, perform the same functions as does the bankers' clearing-house in London, by means of which hundreds of millions of debts owing to and owing by a multitude of persons clear each other off, without resorting to any but trifling payments backwards and forwards of coin or bullion. A labour-saving, time-saving, loss-saving device.

Since, therefore, without the facilities for interchange which the operations of distributors afford, nearly all incentives to wealth-creation would be wanting, the use of or indeed the absolute necessity for that class of workers must be readily admitted; and they certainly cannot be deemed unproductive consumers. It must, however, be observed that their work would be much simplified and could be performed by a much smaller body of men were it not for the complications, uncertainties, and obstacles of many kinds, created by national jealousies and by state restrictions on free commercial intercourse. For instance, a large quantity of useless labour (tantamount to digging and filling up unnecessary earth-holes) is now devoted to a compliance with the complex and obstructive forms and regulations enforced under the protective system that prevails in so many countries. All deviations from the natural and healthy simplicity of unrestricted interchange necessitate some extra and special organisation to meet an artificial state of things. Each additional obstacle requires the expenditure of some additional strain to overcome it, and thereby entails a certain amount of unproductive labour. On the whole, however, it is, of all classes of society, in the ranks of those who "produce and distribute wealth," that the fewest unproductive consumers are to be found.

It may be said that the land-owner who spends his income in self-indulgence, and whose only task in life is amusement (a laborious task, too, very frequently), cannot be called a producer in the same sense as is a man who works ten hours a day.

Very true. But neither can the ten hours' toiler be called a producer in the same sense as is the contributor of that essential element of production, land. What each contributes is different of its kind, but both are indispensable, and neither would be of use without the other. No one is under obligation to furnish both elements. The labourer is not bound to contribute land; neither is the land-owner bound to contribute labour. The soil must (unless we revert to a state of Nature, which is savagery) be owned by somebody; and that somebody, whoever it may be, whether a person or a community, is through its cultivation, whether directly or by lessees, a contributor of one of the three indispensable factors of all wealth. Of course such land as is not devoted to productive purposes comes under a different category. Its owner does not contribute to the creation of wealth, and is therefore not a producer. We shall deal with this exceptional case in a subsequent chapter when we come to treat of the peculiar position of land in regard to its limited supply and its irremovability.

On the other hand, the same persons who complain that the contributor of land does not contribute labour also, are those who frequently complain that the capitalist goes on working long after he has accumulated a fortune, and who say that he should retire and leave the field which has enriched him open to others. Between these two complaints there is a manifest inconsistency. If the land-owner ought to contribute both land and labour, so ought the capitalist to contribute both capital and labour. The truth is that such double

contribution is entirely optional. Its practice would, of course, subserve the interests of wealth-creation, but there is no obligation on any one either to act upon it or to abstain from it.

CHAPTER VII.

Government Functionaries—The Professional Classes—The Unemployed Poor.

2. *Those who govern, and the functionaries whom they employ.*—It is this class which furnishes by far the most numerous contingent of unproductive consumers, and in which the largest reforms are both necessary and possible. Let us at once start with the following proposition, viz.:—That all those persons whose services are requisite for the due performance of those functions—legislative or executive, civil or military—through which the government of a community discharges the complex duty assigned to it of protecting the person and property of its members, are indispensable to the well-being of society, and cannot be spared from the important work to which they are appointed. It is only to those whose services are not requisite for the performance of such functions rightly understood, and who nevertheless are retained and paid by the state, that the designation of "unproductive consumers" is applicable.

Of these, some have no doubt been appointed to their useless tasks by patronage or routine, but

by far the greatest number consists of those whose barren labours are put in requisition by bad laws, mistaken policy, vicious institutions, or the passions and caprices of irresponsible rulers. It is not with the persons so employed that the blame lies. Their duty is to do the work entrusted to them, and the faithful performance of that duty generally forms a fair equivalent for what they receive from the community. It is the system that is responsible for the waste, and it is the rulers and statesmen who are responsible for the system. Let us examine the main features of the system.

In all existing civilised states the money collected by the government, as revenue from all sources, is expended in various proportions, on the following departments, viz. :—

General expenses of Civil Government, collection of revenue, public works, salaries, pensions, &c.

Administration of Law and Justice.

Subventions for Education, Science, and Art.

Interest on (and repayment of?) National Debt.

Army and Navy.

Whatever portion of the expenditure under these heads is in excess of what is needful is clearly an unnecessary and injurious drain on the resources of the country, and a direct impediment to wealth-creation. The persons who would otherwise be effective agents of production are wasting their energies and their time on inutilities or worse, and have meanwhile to be supported out of the earnings of the producing classes. It is, of course, in those departments which absorb the largest share of the

national expenditure that the waste (supposing it to exist) would be the greatest, and the retrenchment (supposing it possible) would be the most efficient. It will be very useful, therefore, to ascertain which are the departments which are most costly, and to which the tax-payer most profusely contributes.

No doubt the proportions differ in different countries, especially if the United States of America be included among them. The geographical position, the form of government, and the habits and traditions of that republic constitute it a somewhat exceptional case. But if we take European states only, the comparative amounts paid under each head by the British Government during the year 1880 may afford us some clew to the proportions respectively absorbed in other countries by the various departments in question. The total expenditure of the British Government in 1880 was £84,439,000, which was apportioned as follows:—

To the general expenses of the Civil Government ...	£14,637,000
To the administration of Law and Justice	6,372,000
To Educational purposes ...	3,995,000
To the interest, &c., of the National Debt	28,763,000
To the Army and Navy ...	30,672,000
Total	£84,439,000

Here then we have in round figures, out of our annual expenditure of 84 millions, no less than 59 millions consumed in expenses connected with war,

viz., 29 millions to pay interest, &c., on the national debt contracted by our forefathers to carry on the wars of their time, and 30 millions to meet the expenses of military and naval establishments during a period of peace. The possible distention of these sums in case of a serious war may be more easily imagined than calculated.

In contrast to these gigantic amounts, we find that all the other departments of government combined, although profusely paid, cost 25 millions —a sum which, in comparison, seems a "fleabite." Roughly speaking, we may say that of England's annual expenditure more than one-third is spent in paying the penalty of former wars, more than one-third is spent in keeping up warlike establishments during peace, and less than one-third is spent on all the combined functions of government in every other department. Not that we are worse off in this respect than most other European states, for some have indeed a more grievous military burden to bear than we have. However, as we shall in a subsequent chapter devote some attention and some space to a consideration of the pernicious influence of war and international rivalries on the creation of wealth, we shall here abstain from further comments on this branch of the subject.

Reserving, therefore, war and its organs, the army and navy, for future discussion, let us take a glance at the other departments of government. The expenditure in England on these, including the administration of justice and educational purposes, amounts, within a trifle, to £25,000,000, nearly all of which is paid away in salaries to the various

functionaries who are (and in some cases who have been) employed in the performance of public duties. It has been calculated that the number of persons in the pay of the English Government, exclusive of the army and navy, is not far from 180,000. Neither does this include the numerous staff paid out of the proceeds of local taxation (county, borough, and parochial rates, &c.), which in 1878-9 amounted to about £30,000,000. Now, if out of the 180,000 functionaries, high and low, above referred to, a certain number should have been superfluous and others overpaid, that waste, be it more or be it less, is so much positive loss to the community.

In these elucidations we have taken the case of the English Government simply by way of illustration, for as our theme is wealth-creation not in one country but in all countries, so should our conclusion be a general and not a special one. We must, therefore, word it thus, that if out of the civil functionaries, high and low, in the pay of all governments, a certain number should be superfluous, and others overpaid, that waste is so much positive loss, and a subtraction to that extent from the world's wealth. There is hardly a country in the world of which it can be truly said that there is no such superfluity or overpayment of public functionaries. In some there is less, in others more, but it must be admitted that in all there is a wide field for retrenchment. We readily grant that the retrenchment may be carried too far, and that it is a great mistake in a state to underpay, or irregularly pay, its servants. But this extreme, which is compara-

tively rare, is no justification of the opposite extreme, which is common.

In what way and to what extent the necessary retrenchment is to be effected it is not within the scope of this work to inquire. Our business is to point out how injuriously such waste of public money affects the creation and distribution of wealth and, thereby, the welfare of all men. It is for the practical politician to recognise the evil and apply the remedy. If out of the total number of persons now employed in the civil functions of the state (for we have reserved the army and navy for a separate discussion) by the whole of the civilised governments of the world, it should be found that 400,000 could be spared without detriment to the efficiency of administrative operations, then those 400,000 persons, being released (of course on equitable terms) from their useless labours, would be thrown on their own resources—would be compelled to produce in order to live—and would cease to be unproductive consumers. Now if, one with the other, we estimate the value of what they would each produce at an average of only £50 per annum, there would be £20,000,000 yearly added to the general stock of wealth of the world, besides saving what they now receive in excess of that yearly sum for superfluous and barren work.

True that there may be no immediate prospect of so beneficial a reform being accomplished, but we shall certainly hasten the time when the world shall enact its practical adoption, by a forcible exposition of its necessity, by emphatically de-

nouncing the evils that it would remove, and by persistently keeping the subject open to public discussion, until its advantages be generally recognised and appreciated. Too often, in the history of the world, has the apparent remoteness of a desirable object been used as a dissuasive from even moving in its direction. Its being difficult of attainment has been construed into its being unattainable. The word "impossible" has been most obstructive to human progress. Many a laudable purpose, quite achievable, as subsequent achievement has shown, has been long delayed by being pooh-poohed as not being "within the bounds of the possible." The policy for the advocates of a rejected improvement to pursue is never to lose sight of it themselves, never to allow others to lose sight of it, and, above all, never to despair of it.

3. *Those who are engaged in the learned and other professions.*—A very numerous and important class, which we may subdivide into two categories:—

(*a*) Those who do not, by direct means, produce wealth, but who are indispensable by reason of the moral and physical shortcomings of man. To this category belong—the clerical profession, whose province it is to combat our vices and passions; the legal, to obviate fraud and repress injustice; the medical, to heal our infirmities; the political, to administer the affairs of the community; the military, to protect the state against attack; the scientific, to correct error and search for truth; the scholastic, to remove ignorance, &c.

(*b*) Those whose mission it is, either to cultivate literature and philosophy, or to minister to the art-culture, the refinement, and the recreative enjoyments of the community. This last division includes poets and prose-writers of all kinds, journalists, lecturers, &c., as also painters, sculptors, architects, musicians, actors, &c.

It is the professions comprised in the above two categories that have furnished most of the eminent men, whether as thinkers or doers, of all countries and in all ages. As a rule, these professions require for their successful pursuit great natural abilities, developed by close study and reflection. Those who excel in them become the foremost of men, and almost all the illustrious benefactors of mankind have sprung from their ranks. Undoubtedly, of the many who have enlisted in these professions, there are not a few who are more or less unfit for the vocation, and who would be much more useful to their fellow-men (and in most cases to themselves) by becoming producers, and contributing according to their powers to wealth-creation.

But no interference with the free choice of a career is permissible, and the natural law of supply and demand must continue to regulate the number of those to whom the professions can afford a livelihood. Unfortunately, the dignity of productive and distributive labour has not yet received due recognition. A prejudice, which had its birth in the rough feudal ages, still exists, though happily waning, which assigns to the professional a higher social rank than to the mercantile and manufacturing classes. The former are supposed

to be, in vulgar parlance, "more genteel." This feeling is, no doubt, in some measure founded on the fact that education is more general, because a necessity, with the former, and less general, because only optional, with the latter. But this distinction is also disappearing, and the diffusion of knowledge, which will gradually extend to all classes, will equalise their claims to social rank. As it now is, almost every profession is overstocked. There are more to do the work than the work to be done requires; while a sentimental preference foolishly induces many a man to starve on a profession rather than thrive on a trade.

This false estimate of personal dignity chiefly prevails in old countries, and hardly exists among young communities. In the United States of America there is far more real equality than in the present French Republic, although "Égalité" figures as its central motto. Many an English gentleman, who at home would have shrunk from manual labour as a degradation, has emigrated to Australia, and worked as hard there as any common labourer here, and the more honour to him. Let us hope that this healthy tone as to the equal dignity of all honest labour may, sooner or later, pervade all civilised societies, and finally break down the barriers which now partition off European communities into distinct sections very analogous to the castes of the Hindoo nations.

4. *Those who are unemployed, or who have no legitimate means of earning a livelihood.*—All those persons to whom this description applies are unproductive consumers, and every effort should be

made to reduce their number to the lowest possible point, for their existence is, for the most part, an unmitigated evil to the community. They are, however, divisible into two very distinct groups, viz.: (*a*) Labour-sellers temporarily out of work, who have saved nothing to live upon meanwhile; (*b*) Non-workers, viz., paupers, mendicants, tramps, &c., and criminals, both those who are at large, and those who are in custody.

(*a*) As to the first group: labour-sellers are out of work either because they cannot find any employment at all, or because they cannot find it on terms which they deem acceptable. The former are the victims of "gluts" (see p. 7), of changes in the channels of trade, or of other causes beyond their control. The latter are the outcome of trade disputes, leading to "strikes" and "lock-outs." In the former case the causes are largely (not wholly) preventible by free commercial intercourse, and by non-interference with the natural course of trade. In the latter case, trade disputes should be, and it is beginning to be understood that they can be arranged by arbitration, or by sliding wage-scales graduated according to the rates of profit, or by other similar pacific devices. Almost anything is preferable to the clumsy and costly brute-force system now in use of workmen trying to coerce the capitalists by ceasing to work, or of employers trying to coerce the workmen by ceasing to employ. Under it both parties are heavy losers, the victors as well as the vanquished. It decides nothing as to the relative justice of the conflicting claims; it only adjudges which side is the strongest.

It simply becomes a trial as to which can afford to lose most money, and which can face impending ruin with the wildest recklessness. So might two men defy each other as to which would allow their blood to flow for the longest time from a vein opened in the arm of each. One might give way before the other, but both would be terribly exhausted and enfeebled.

In such contests between capital and labour it is generally the longest purse that wins, and, accordingly, they have mostly terminated in favour of the employers. A barren victory truly! Just by one small degree better than a defeat! In this species of civil war there is not only the loss of the wealth which would have been created by the labour of the men had they been at work; there is also the loss occasioned by the disuse of the capital, plant, and machinery of the employers —the loss occasioned by the non-execution of orders, and by turning away customers to deal elsewhere, and sometimes even the permanent loss to the district of the entire trade, which gets diverted to other localities. By all this the labour-sellers are the chief sufferers, because every diminution of capital is a diminution of the fund out of which the wages of labour are paid.

But while the wealth-destroying effects of "strikes" and "lock-outs" are undeniable, it is none the less true that properly constituted trades-unions are essential to the interests of the working-classes. Without such organisations there could be neither consultation nor concerted action between them, and the fluctuations of the wage-rate

in the chief labour-markets of the world, which it is most important for the labour-seller to trace, would hardly ever be known to him. The commodity in which he deals, labour, rises and falls in value like every other commodity, and he, the seller of it, should be able to watch and scrutinise the action of the buyer of it (the employer), or otherwise the fall in wages when trade was bad would be rapid and exaggerated, and the rise when trade was good would be tardy and insufficient. Trades-unions afford him the necessary knowledge and power to obviate this; and he will be the more ready in bad times to submit to a fair decline, when he is assured that he will obtain a fair rise in good times. Moreover trades-unions often afford great facilities for negotiation, in virtue of their representative character, which ensures to any agreement made the adhesion of the general body of men represented.

But these considerations by no means invalidate our contention that strikes and lock-outs, from their adverse interference with wealth-creation, constitute a form of war that is equally injurious to both sides, and that it would be a disgrace to the human intellect to assume that such a conflict were the only and the inevitable solution to trade disputes. The avoidance of this irrational mode of ascertaining which is right and which is wrong, when differences arise between masters and men, would prevent those large occasional additions to the number of the unemployed which help to create a "superfluity of unproductive consumers."

We may here observe in reference to trades-unions that all such of their regulations as tend

to restrict or diminish production are suicidal and most injurious to the labour-sellers themselves, by restricting and diminishing the fund out of which labour is paid. We allude to regulations tending to reduce the productive powers of the more industrious or skilful to the level of the inferior productive powers of the less industrious or skilful—to interpose obstacles to the adaptation of labour to novel combinations or inventions adopted by the employers, and generally to impair the efficiency of labour in producing the largest results in a given time. It should be remembered that the less of capital there is created the less of labour there is employed.

(*b*) We now come to the second group of unproductive consumers, consisting chiefly of those who, from various causes, are unable, or who, from perversity, are unwilling, to work for their livelihood; in other words, of paupers or criminals. Among the paupers there are many able-bodied men who are not prevented from working by infirmity, but decline to work from deliberate choice. Some do indeed indulge in fitful and intermittent spurts of industry, but the greater number are sunk into irredeemable sloth and intemperance, and all of them are consuming non-workers. This description applies also to a large proportion of the mendicants and tramps who infest the community, and these are unfortunately encouraged and maintained by the pernicious practice of indiscriminate alms-giving on the part of well-meaning but, in reality, evil-doing persons.

Let us hasten to say, however, that, in propor-

tion to the discouragement which should be given to the drones and parasites which prey on society, in that proportion should abound the sympathy and tenderness due by the community to those persons who, from infirmity, either mental or bodily, whether natural or accidental, are really unable to contribute their quota to the general stock. These are entitled to receive, without stint and without reproach, their fair portion of the honey stored in the social hive. They are those members of the human family who, through the shortcomings of nature or the sudden wrench of an accident, form the wounded and maimed in the battle of life, and, as such, become lawful pensioners on the resources of the rest. These are the "neighbours" whom we are taught to "love as ourselves." It is not to such that our strictures apply. On the contrary, we not only recognise their claims on their brother-men, but insist that these claims should be met in a hearty and ungrudging spirit. It is more than the bestowal of a favour—it is the fulfilment of a duty. A churlish gift is of diminished value to the receiver and of no merit to the giver.

There is no country which is not more or less burdened with both classes of unproductive consumers—the pauper class and the criminal class. Legal and coercive repression checks, but is far from eradicating the evil. It lops the branches, but does not touch the roots of the upas tree. The existence of the evil is traceable partly to the pressure of temptation from hopeless poverty, and to the sway of passions uncontrolled at the first and uncontrollable in the end, but, in greater pro-

portion, to habits of evil and vice contracted in early youth and strengthened by evil and vicious associations in after-life. In other words, the mischief is mainly due to the early influence of evil example and evil precept, for which wise and good men are striving, by means of education, to substitute other influences that shall develop the good and curb the bad impulses of man's nature. In this they have already succeeded to some extent, and as they more and more succeed so shall the number of those who eat bread which they might, but do not, earn, or who, worse still, pillage the earnings of others, gradually dwindle down to the lowest point which human imperfection will allow. A consummation devoutly to be wished.

Thus we have taken a review of the four classes into which all civilised communities may be divided, in relation to the superfluity of unproductive consumers which exist in each. Omitting the consideration of wars and international rivalries of which we shall next proceed to treat, we find that there are in all civilised communities a great number of persons who are doing no work at all, others who are doing useless and barren work, and some even who are doing evil work, and that all these are being supported at the expense of those who are doing productive work. We also find that such a state of things is by no means the necessary result of man's natural condition or inevitable destiny, but is quite remediable by the spread of knowledge and by practicable improvements in human institutions. It is useful to take stock of the obstacles that impede our progress, and en-

couraging to find that they are by no means insuperable. It therefore behoves all men to lend a hand in the good work of overcoming them.

CHAPTER VIII.

Wars and International Rivalries—Various Modes in which War is Injurious—Annual Expenditure on Armaments in time of Peace—Vast Number of Unproductive Consumers.

B 3. WARS AND INTERNATIONAL RIVALRIES.—Every one freely admits the destructiveness, the irrationality, and the wickedness of war; but it is at the same time taken for granted that man is so constituted that war is a condition inseparable from his existence, whether in a state of barbarism or of civilisation. In other words, war is put forth as a deplorable but necessary evil. We readily admit the deplorableness of the evil, but we deny the necessity of its existence. Let us briefly glance at both aspects of the question, and inquire:—(A) As to the extent of the evil; and (B) As to its necessity. If we find the evil to be great and the necessity for it to be small, we shall at least know in what direction and with what hopes we may steer our course.

A. The extent of the evil. The calamities of war form one of the most hackneyed of themes; and every epithet of revilement has been heaped on the system, with but few attempts at practical reform. There is no man who does not shake his head in condemnation of the wickedness of war, and hardly one who does not at the same time

shrug his shoulders to signify his sad acquiescence in its necessity. But while the world is almost unanimous in professing a general, sweeping, and speculative detestation and deprecation of war, few people have closely analysed the subject, or carefully considered: (*a*) the variety of modes in which it injures mankind; (*b*) the constantly growing increase of the evil; and (*c*) the tendency of the modern military system in Europe to more and more extend the baneful effects of war over the period of peace. We shall call attention to each of these topics; for a vague impression prevails that the evils of war mainly resolve themselves into the loss of life and the extra expenditure of money caused by actual hostilities. But it is not so. They inflict other fatal injuries, less intense perhaps individually, but far more wide-spread and permanent, and consequently more pernicious to mankind.

(*a*) The variety of modes in which war is injurious. These may be classed under three heads, viz.:—1. Destruction of life and property. 2. Conversion of productive labourers into unproductive or destructive consumers. 3. Diversion of capital to unproductive or destructive purposes. On the first head, destruction of life and property, we need say very little, for of all the branches of the subject, this is the most obvious and trite. It is the favourite theme of poets and moralists, and it needs no effort on our part to convince our readers that bloodshed and devastation are atrocious crimes as well as unmitigated evils, unless justified by the sternest necessity. We will therefore pass on to the second head, which has

received less attention, although deserving of at least as much.

2. Conversion of productive labourers into unproductive or destructive consumers. On this topic we shall have rather more to say. It is a fact too obvious to admit of dispute that every member of the naval and military services, whether officers or men, consumes without producing. This does not convey the slightest imputation on them. They are engaged by the state to perform certain duties, which, in most cases, are efficiently, and, in some cases are brilliantly, performed, while they are, in the majority of cases, rather under than over-paid. But it is nevertheless the fact, that those duties do not conduce to the creation of wealth. True that they may be necessary for the protection of the wealth-producers, as in the instance of defensive wars. But of the necessity of war we shall treat as a special topic; at present we are only treating of its evils. And it is undoubtedly a flagrant evil (be it a necessary one or not) that a greater or lesser number of men, in the very prime of life, should be made to withdraw from the beneficent work of production, and to exist only as consumers, at the expense of those who do produce.

In a loose, general way, these evils are freely admitted. "It is no doubt very wasteful," people say, "but a soldier must consume, for he must live; he cannot produce, for he has something else to do; and he must destroy, for that is what he is paid for." But those who dismiss the subject in this cursory manner have not formed a definite conception of the amount of the evil and loss involved.

Assuming that occasional wars, and continuous preparations for war, are matters of necessity, let us at least try to ascertain approximatively what this "necessity" costs to the civilised communities of Europe. It must surely be a matter of both importance and interest to obtain some notion as to the price which civilised Europe has annually to pay for this assumed necessity. A man may deem it necessary to keep a carriage, but that is no reason why he should shut his eyes to the annual expense which it entails. We propose, therefore, to frame a rough estimate of the actual amount of wealth absorbed and consumed by the various nations of Europe in consequence of the necessity that is supposed to exist for large military establishments.

Before, however, entering on these calculations, there are two considerations which deserve a few words of remark. In the first place, the armies which, in the present day, are deemed necessary for defence or attack, are infinitely larger than those which formerly decided the fate of nations. The drift of the prevailing system of military organisation is to arm the entire virile population of one country against the entire virile population of another. Governments previous to the nineteenth century pressed into military service only a moderate aliquot part of their people. The armies with which Turenne and Marlborough won their battles and their laurels would scarcely have been sufficient to form a secondary corps in a grand army of the present day. Armies then formed a very small, and now form a very large, percentage of the adult males of every country.

And this tendency to a constant numerical increase of armed forces is being, every year, developed more and more. Each state is jealous of the other, and a contest arises between them as to which shall, even in time of peace, maintain in arms most soldiers in proportion to its population. This contest is a perennial struggle, little less savage in its intent and less costly in its expenditure, than actual war itself. Should this rivalry continue (as appears almost certain) there can be no limit to its development until all the male population in every country, between the ages of eighteen and fifty, shall become soldiers; and even then it may assume other oppressive forms, till it breaks down under the weight of its own absurdity.

In the second place, let us remember that formerly, when a war was terminated, the army was mostly disbanded, and the peace establishment of a country was on a comparatively small scale. But now the military organisation of a state even on the peace footing is on a scale greatly in excess of the war footing of the most bellicose country a century ago. And with the tendency just mentioned to still further increase, and, in great measure, to hold in readiness for action, the military power of each country, we are rapidly nearing the point when there will be little difference between the armaments of Europe in time of war and the same in time of peace. Already, we may almost say that European civilisation is in a perennial and normal state of warlike organisation, and, to a large extent, suffers all the evils of actual war except the secondary and transient ones of

life destroyed and property devastated. For, the more wide-spread and durable evils of lives wastefully spent, and of production wilfully arrested, become, under such a scheme, permanent institutions.

We will now proceed to ascertain, as closely as we can, the number of men composing the army and navy of each European state, as also the annual expenditure of each on military and naval affairs. We may, however, premise that the military organisation that now prevails throughout Europe, except in England and a few minor states, is founded on the principle that every man between the ages of eighteen and fifty is bound to form part of the national army for a certain number of years, and must be trained to arms accordingly. A given proportion of these are yearly drafted into the permanent standing army which is kept up during peace, and the rest are, under various names and regulations, formed into reserves liable, in time of war, or whenever the Government wills it, to be called into active service. The details vary in different countries, but the general principle adopted is the universal liability to serve. Let us take France as an illustration. By a law passed in July, 1872, every Frenchman forms part—(1) of the active army for five years; (2) of the reserve to the active army for four years; (3) of the territorial army for five years; and (4) of the reserve to the territorial army for six years. So that the total duration of the military service, active and contingent, for every male adult Frenchman is twenty years. True, all are not called, but all are liable to be called.

The data comprised in the following table are mostly derived from the "Almanach de Gotha" for

1881, corrected and supplemented from various other sources :—

EUROPEAN COUNTRIES.	Population.	Annual Expenditure on Army and Navy, Peace footing.	Equivalent in £ sterling.	Army and Navy, Peace footing, Men.	Army and Navy, War footing, Men.	Annual Cost of each Man and of his quota of Military or Naval Equipment; on Peace footing.
Austria-Hungary (including Landwehr) ..	38,000,000	Fl. 124,000,000	£12,400,000	280,000	1,105,000	£44 13 0
Belgium	5,500,000	Fr. 44,000,000	1,800,000	46,000	110,000	39 3 0
Denmark	2,100,000	Kr. 14,000,000	750,000	35,000	50,000	21 9 0
France (besides territorial army and reserves)	37,000,000	Frs. 766,000,000	30,640,000	533,000	1,820,000	57 10 0
German Empire (besides field reserves and Landsturm)	42,700,000	Mcs. 402,000,000	20,100,000	437,000	1,451,000	46 0 0
Great Britain and Ireland (war footing includes Militia, Volunteers, &c.)	35,000 000	£30,700,000	30,700,000	247,000	805,000	124 6 0
Greece	1,700,000	Dr. 13,000,000	500,000	11,500	30,000	43 10 0
Italy (not including territorial militia) ..	28,200,000	L. 237,000,000	9,500,000	315,000	993,000	30 3 0
Netherlands (not including war conscription)	4,000,000	Grs. 33,000,000	2,750,000	89,000	130,000	30 18 0
Portugal	4,700,000	M. 6,000,000	1,350,000	33,000	75,000	40 18 0
Roumania (besides militia)	5,400,000	L. 26,000,000	1,050,000	20,000	54,000	52 10 0
Russia	78,000,000	R. 218,000,000	31,100,000	999,000	2,618,000	31 3 0
Servia (besides reserves)	1,700,000	D. 7,200,000	300,000	10,000	50,000	30 0 0
Spain (including Spanish soldiers in the Colonies)	16,600,000	Pes. 154,000,000	6,160,000	136,000	450,000	46 5 0
Sweden and Norway (besides 2nd reserves)	6,400,000	Kr. 30,400,000	1,700,000	56,000	162,000	30 7 0
Switzerland (including reserves)	2,800,000	Fr. 12,800,000	500,000	20,000	201,000	25 0 0
Turkey in Europe (an estimate, being without reliable data)	8,000,000	P. 514,000,000	4,650,000	200,000	450,000?	23 5 0
	317,800,000		£155,950,000	3,467,500	10,554,000	
Average annual cost of European soldier or sailor, with quota of equipment, artillery, vessel, &c., on the Peace footing						£45 0 0

From the table that precedes, it is visible at a glance that the various states, of which Europe is composed, maintain under arms, during a time of peace, three and a half millions of men at a yearly cost of £156,000,000. It further shows that, in case of a general war, the number of men that would be withdrawn, in the prime of life, from productive employment, and devoted to war purposes, would be increased to ten and half millions, with a more than proportionate increase of expenditure. A more than proportionate increase, because war is in the highest degree destructive and wasteful, and entails multitudinous losses and sacrifices, very far beyond those which a full-armed peace proportionately occasions. If the number of men required to serve on the peace footing is increased threefold in time of war, viz., from 3,500,000 men to 10,500,000, then the expenditure will be increased, at the very least, six-fold, viz., from £156,000,000 per annum to nearly £1,000,000,000.

It may be said that a war, so general as to involve in it every European nation, is an event not likely to occur. But this unlikely event did occur during the first Napoleonic era. Moreover, if a war did occur in which only four or five states were engaged, it is all but certain that the contending parties would be the great powers of Europe, whose armies form an overwhelming proportion of the totality.

We will, however, adopt, as the basis of our calculations and remarks, the permanent scale of armaments on the peace footing, and not their exceptional expansion under war exigences. Let us

inquire what proportion of the 3,500,000 men now under arms in Europe on the peace footing, and of the £156,000,000 which they cost, would suffice if European international wars could be superseded by some peaceful mode of settling international disputes. Whether, and how far, such a change of system be possible or impossible, is a question which we shall discuss in another chapter. At present, we are simply inquiring what is the additional tax on the resources of Europe which is inflicted in consequence of the supposed necessity for the existing system of war-arbitrament.

The United States of America afford us a suggestive clew to the solution of this question. This flourishing Federation consists of 38 self-governing states, 50,000,000 of inhabitants, and occupies 3,500,000 square miles of territory. Their army, on a peace footing, numbers 27,000 men, and their total expenditure, in 1880, on every military and naval department, was $52,000,000 equivalent to about £10,500,000. A contrast with Europe that is most striking and pregnant with meaning! The extent of territory is about the same; the self-governing states in the United States are 38 against only 17 in Europe; the population is 50 millions, rapidly increasing, against 300,000,000 in Europe, very slowly increasing. Compare these figures with 27,000 men under arms in the United States against 3,500,000 in Europe; and a war-expenditure of £10,000,000 in the former, against £156,000,000 in the latter.

Let us now imagine such arrangements to be

made between the seventeen states of which Europe is composed, in regard to the settlement of international differences between them, as would on questions of peace or war constitute them practically the "United States of Europe." It is evident that only a fractional proportion of the armies and navies now maintained by the aggregate of those states would then be required. It is true that for several reasons European armaments could not be for the present reduced to the level of those which suffice for our American brethren. Of these reasons the chief is that many European states indulge in the expensive luxury of "foreign possessions." Now these "possessions," however much they may conduce to the glory of their proud owners, constitute a heavy and perennial drain upon their resources, and necessitate among other expenses the maintenance of a far much larger army and navy than would otherwise be required. England is the foremost of these owners of foreign possessions. So abundantly are we blessed with them, and so vast is the surface which they present in every part of the globe for contact and collision with adverse or conflicting interests, that the friction is enormous, and the consequence is a constant succession of "little wars" with semi-barbarous nations. And "little" these wars may well be called as to their motives, objects, and results, though they are by no means little as respects their cost to the country.

Having regard therefore to foreign possessions held (as long as they may think them worth holding) by European states, to the varied forms of

government under which the latter exist, to the present want of mutual sympathy between the populations which constitute the European family, and to other special conditions, the military establishments of the "United States of Europe" might still have to remain on a somewhat larger scale than those of the United States of America. But, nevertheless, the abrogation of European international warfare would nearly abolish the need for standing armies, and probably one-tenth of the present expenditure of men and money would meet all national requirements. To err, however, on the right side, let us take the estimate at one-seventh. This would still leave 500,000 armed men to be permanently maintained by the aggregate states of Europe, at an annual expenditure of £24,000,000—an allowance which is superfluously large under the assumed circumstances.

These data supply us with an answer to the inquiry, which we broached at p. 100, as to "what proportion of the 3,500,000 men now under arms in Europe on the peace footing, and of the £156,000,000 which they cost, would suffice if European international wars could be superseded by some peaceful mode of settling international disputes." The saving thereby effected would represent three millions of men and £132,000,000 annually of wealth. Let us look at the significance of these figures.

1. As to the money. The extra £142,000,000 now expended is levied by extra taxation from the populations of Europe, and, therefore, if saved, there would be so much the less to be paid by them annu-

ally. Now, the population of Europe is 318,000,000, distributed into about 70,000,000 families. On an average, therefore, each family in Europe would be a gainer of £2 per annum. Or to place the matter in another light, the aggregate wealth of the people of Europe would be annually increased by £132,000,000. But this is by no means the limit of the money-saving, as we shall see from the remarks that follow.

2. As to the men. Under our hypothesis, three million of men, whose labour is under the existing system utterly unproductive, would be restored to their several fields of productive industry, and each would furnish his quota to the total mass of wealth-creation of the world. In estimating the probable amount of their contributions, we must bear in mind:

(*a*) That these three million men are in the very prime of manhood (between the ages of eighteen and fifty), and in the full maturity of their physical and intellectual powers.

(*b*) That from the universal liability of all classes to serve, which is the basis of military organisation throughout continental Europe, the three million of men who would be restored to a career of active productiveness would mostly represent the average productive ability of all classes of society, which is a far higher average than that of soldiers who enlist for a stipend under voluntary enrolment.

(*c*) In civilised countries, an average male adult produces by his labour (in conjunction with capital and land, whether supplied by himself or by others) a large excess over his own consumption. For

even under the present system that excess of production has sufficed, not only to maintain the women, children, sick, old, and infirm of the community, besides a host of unproductive consumers, but has also sufficed to form out of savings the enormous masses of capital (buildings, ships, railroads, &c., &c., &c.) that now exist. Indeed, every man with sound limbs and a sound brain, should be able to produce the equivalent of what would maintain several human beings—more, under a good; less, under a bad system.

Taking these facts into account, it will be, we think, a low estimate to value the average excess of production over consumption of these three million of men, whose idleness is changed to industry, at £50 per man annually, making a total of £150,000,000. Of course it is not their total annual production that we assume as gain, because under the present system their annual maintenance is included in the £156,000,000 devoted to military and naval expenditure. The profit to the world would be what these 3,000,000 of men would earn in excess of their own maintenance.

We have seen that the average cost of each European soldier is £45; but it must be observed that this sum comprises many other objects besides the maintenance of the soldier in food, clothes, and lodging. It comprises his relative share in all the war material, equipment, and appliances, by means of which his services are utilised—such as artillery, ammunition, horses, ships, fortifications, &c., &c. In a rough way we may assume that about one-half of the

average cost to the state of a soldier goes to his personal maintenance, and the rest to equipment, &c. In the case of a sailor the proportion is somewhat different, as his ship, armament, &c., form a heavier percentage of the total cost. We now proceed to the third head under which we have proposed to discuss "the variety of modes in which war is injurious."

CHAPTER IX.

Annual Cost of the War-system in time of Peace—Annual Cost of the War-system in time of War—Economic Results of the Conversion of Soldiers, &c., into Producers.

3. DIVERSION of capital to unproductive or destructive purposes. In addition to the £156,000,000 annually spent in Europe on war preparations, a very heavy loss is sustained by the dead capital permanently locked up in fortifications, arsenals, ships, horses, barracks, military schools, &c. This capital, the amount of which it is difficult to estimate, but which must be enormous, is sunk unproductively, and yields no return whatever. The world, therefore, loses all the wealth which would have been created through the instrumentality of that capital, had it been in active employment. We shall not attempt to assess this loss, which is obviously a very large one, but must content ourselves with pointing out its existence.

There is, however, one item which is susceptible of easy computation; it is the intercepted earnings

of the horses used in the armies of Europe. It is obvious that a horse when used for agricultural or other work, produces to its owner a certain amount of yearly profit beyond its keep, or otherwise horses would be of no value except to the wealthy as luxuries. We estimate such yearly excess of earnings over maintenance at £20 on the average. By a careful comparison of the number of horses used in the chief armies of Europe, we find that, one with the other, one horse is used for every six soldiers. Now since, under our hypothesis of the abolition of international European warfare, 3,000,000 soldiers were set free to embark in productive pursuits, so there would be 500,000 horses (now employed unproductively for war purposes) set free to earn the equivalent of £20 a year over and above their keep. This constitutes a further sum of £10,000,000 yearly that is absorbed through the supposed necessity of the war-system.

Let us now proceed to sum up the results of the foregoing calculations. We find that if inter-European wars ceased to be "necessary," and were superseded by some other device, it would make a difference annually to the populations which inhabit Europe of

£132,000,000	now spent on war preparations in time of peace.
150,000,000	which 3,000,000 of men would earn, who now earn nothing.
10,000,000	which 500,000 horses would earn, which now earn nothing.
£292,000,000	

Truly an enormous sum! It is equivalent to a

poll-tax of £1 sterling a year on the head of every man, woman, and child in Europe—from the babe newly born to the centenarian—from the beggar to the millionaire. It is nearly thirty times as much as the entire war expenses of the United States of America, and is double the amount of the loss which that great republic annually inflicts on herself by her adherence to the protective system. It equals the entire revenues of the four greatest European powers put together, and capitalised at fifteen years' purchase, would form a sum more than sufficient to pay off all the non-repudiated national debts of the entire world.

This calculation, be it noted, does not include the very large amount of loss occasioned, as we have before explained, by the enormous capital unproductively locked up; nor a multitude of other sources of loss, waste, and evil which are not susceptible of definite valuation in money.

And let it not be forgotten that the above picture represents the normal and permanent condition of Europe at its very best—that is, during a period of profound peace. Under the present system there cannot possibly be any improvement upon it. Indeed, every change that is at all likely to occur must be for the worse. For, if one power takes a single step forward in the direction of increased military efficiency, all the other powers, jealous and suspicious, immediately do the same, so as to maintain, at least, their previous relative positions. While, on the contrary, if any one country should do such a wise thing as to curtail her military expenditure, none would follow her example unless

all the rest did; and of all the rest, each would wait for the others to begin. The tendency is therefore towards a constantly increasing strain on the resources of every European state, while any relaxation of that strain is out of the question. Consequently, as improvement is impossible, change is to be deprecated, and the utmost we can look for while the war-system prevails is the maintenance of our present state, burdensome as it is.

Things, therefore, have come to this pass—that, under the present system of war-arbitrament, the position which we have described is the most favourable to which Europe can aspire. This position involves the annual sacrifice, out of the wealth created by European producers, of £300,000,000 for military purposes during a period of profound peace—not, of course, for any actual services rendered beyond reviews and sham fights (unless it may be military repression of the popular voice), since we are assuming a period of profound peace—but for an exhibition on the part of each country of such an extent and readiness of military strength as shall convey a distinct warning not to offend, and a distinct menace to resent offence. This rival display on all sides of military power is the latest and most approved device for preserving peace, as set forth in the hackneyed aphorism, *Si vis pacem, bellum para*, or *Anglicè*, "If you wish to avoid fighting, show yourself ready to fight."

It was on this plausible principle that our forefathers acted, when, to deter or resist assailants, they habitually wore swords as part of their dress. This

practice did not, however, lead to peaceful results in private life, but, on the contrary, to constant broils and frequent bloodshed. Let us hope, if we can, that its application to international intercourse will be more successful. For if it is not, we are drifting into a state of things that must become intolerable. But even if it is, we shall be no better, but simply no worse off. Supposing that all goes right—that these rival parades of brute force (so like the game of "brag") do really stave off war—that nations may, by showing, like dogs, what formidable teeth they possess, discourage attacks on one another—that each member of the "great European family" may succeed in keeping the others in a peaceful and friendly attitude by significantly brandishing a stout cudgel, and suspiciously watching their movements—well, what then? Why, then we, the workers and producers of Europe, have simply obtained immunity from war at an annual cost to us (during peace) of £300,000,000.

But, on the other hand, supposing that all does not go right, and that, in spite of the boasted principle that "to be prepared for war prevents war," the great European powers should quarrel, and a general war ensue—what then? Why, then, the very fact of every country possessing a large available army on a peace footing, together with the outline, quickly filled in, of a much larger army on a war footing, supplemented by an enormous number of territorial reserves and militia, is of itself an immense additional evil. The more numerous and the better equipped are the masses

of human beings who, in time of war, are launched from either side to grapple with each other in mortal conflict, the greater must be the slaughter and the waste—the greater the effusion of blood and the sacrifice of treasure. If the preparations for war (which were to preserve peace) cost Europe £300,000,000 yearly, how much will the actuality of war cost her?

We have seen at p. 98 that the number of armed men in readiness to serve on the war footing in the various states of Europe was 10,500,000; that is, three times the number of those maintained on the peace footing. We also saw that the aggregate expenditure on the armies and navies of Europe on the peace footing was £156,000,000. To arrive at the probable expenditure under war conditions, it is obvious that to multiply the above sum only by three, because the number of men was only increased threefold, would be utterly erroneous and insufficient. The increased expenses during war are very far more than in mere proportion to the additional number of men employed. For instance, the conveyance of large bodies of troops from one place to another, whether by land or by sea—the additional cost under those circumstances of the commissariat—the rapid destruction, and consequent necessary replacement, of men, horses, ammunition, artillery, and war materials of all kinds—the additional expense of medical attendants, ambulances, hospitals, &c., for the wounded—in short, a hundred sources of extra expenditure having no existence in time of peace distend the increased amount to proportions not easily

definable. We shall call it double, though it must actually be much more; but the figures are quite sufficiently impressive, even when computed on the most moderate scale.

Let us now proceed, on the data which we have been able to collect, to calculate what would be the money loss by a general European war, supposing that it only lasted one year:—

Loss of the net earnings of 10,500,000 men, taken away from productive labour at £50 per annum (see p. 104)	£525,000,000
Loss of the net earnings of 1,500,000 horses, used for destruction, not for production	30,000,000
European war expenditure for one year, taking the cost of each fighting man at twice that of time of peace	945,000,000
European expenditure in one year	£1,500,000,000

We fancy that we hear many exclaiming, "Absurd! Monstrous! It cannot be!" Well! That the amount is really a monstrous one, and that it does appear absurd, we readily admit. But that "it cannot be" goes for nothing, when we consider the vast multitude of things that "could not be," but which, nevertheless, actually are. If what we state is a fact, or approximatively a fact,

"can't be" melts into a mere querulous exclamation, as it has done in the face of a multitude of other facts at various times. "Can't be" is no answer to what is. The question really is, "Where is the error in our calculations?" We believe them, after the most careful consideration, to be under, and not over, the truth. If the amount takes us by surprise, it is because we have not hitherto faced the question boldly. We have contented ourselves with vague generalities, and kept clear of details and of figures of arithmetic. We readily agree that it is indeed "absurd and monstrous" that international disputes should cost so enormously to settle by the present brute-force method. Whether there may or may not be some other mode of settlement is not the point now under discussion. We are assuming here that the present system of war-arbitrament is the only possible one, and are quietly ascertaining what amount Europe has to pay for the privilege of resorting to it. We hypothetically assume its necessity, and simply desire to know its cost. That cost we find to be £300,000,000 per annum in time of peace, and would be £1,500,000,000 in case of a general European war.

Stupendous sums truly! The latter of which would make all the difference between privation and comfort to every labour-selling family in Europe. But, of course, if it be clearly made out that war is a positive necessity, we must quietly lie down, grumble, and submit. If it be the only means by which differences of opinion or divergences of policy between civilised governments can

be adjusted, then we must bow sadly to our destiny, and content ourselves with gauging the extent of sacrifice which that necessity extorts from us. If civilised polity cannot exist without the institution of war-arbitrament, it must at least be some small consolation to know what is the price which we have to pay for the blessings of civilisation, as so exemplified.

But it may be said that we have exaggerated the number of men and the extent of expenditure required by a European war, since we have taken the extreme limit of both, and have assumed the improbable case of every one of the seventeen states of Europe being involved in war simultaneously. True; and some allowance off our calculation may be made, according to the greater or lesser range of the war. But that this allowance cannot be a large one will be evident from the following considerations: 1. In case of a European war, the five powers which would almost of necessity be engaged in it, especially if it lasted beyond one campaign, are Austria, France, Germany, Italy, and Russia. Now of these five powers the aggregate war-contingent is 8,000,000 men, out of the total for Europe of 10,500,000—a large proportion of the whole. 2. The other twelve states of Europe, though not active belligerents, would most of them, as a matter of precaution and defence, raise their armies to the war footing, and thereby incur the war expenditure. 3. We have not in our estimates of men, money, and loss of production taken into account the territorial levies and the reserves of each state. Their absorption

in the war movement would be considerable, and would go far to countervail the men, money, and productive power saved by the disconnection of the minor states from actual warfare. But make any reasonable deduction you like, quite enough remains. For, if £1,500,000,000 per annum is "monstrous and absurd," £1,250,000,000 is hardly less so.

We may also observe that in assessing the extent of wealth-annihilation occasioned by actual war, we have omitted several minor items, to three of which we will briefly advert. 1. The destruction of property on the lines of march of the several armies. There is no neutral or desert ground on which contending armies could meet in conflict. Either one country or the other must furnish the battle-field, and woe to the soil that is consequently invaded! Villages are burned, forced contributions are levied, houses and property are sacked and pillaged, families are ousted from their homes, cattle and forage are confiscated, fields are left uncultivated, factories are shut up, troops are quartered on the inhabitants who are left, and, to say nothing of the personal indignities and outrages inflicted, utter desolation succeeds to comfort and abundance throughout entire provinces. The accruing loss of wealth and of productive power, who can compute? 2. Another form of the destruction of productive power is exemplified in the case of the dead, the wounded, the disabled, and of those whom disease, camp-habits, or disuse have rendered unfit for industrial work. 3. The corroding cares, anxieties and terrors which must

agitate the family of the bread-winner while on his march to the battle-field, and their unutterable grief and desolation if he should prove one of the victims—are these things not to be taken into account? The despair-shrieks of the bereft ones never reach the ears of the war-chief, but are they any the less real and poignant?

But stay, this is not the place to dwell on the moral or æsthetic view of the subject. That belongs to rhetoric and poetry. Our business is with its severe economic aspect. As wealth dwindles, somebody must suffer, and the suffering mainly falls on the poor and weak. The capitalist is mulcted of part of his wealth, but he can wait. The labour-seller is mulcted of the necessaries of life, and he and his dear ones cannot wait. The less there is produced, the less there is to distribute. Need we say which class it is that will run short?

It is on you, labour-sellers of the world! that the burden chiefly falls. It is you who are the slayers and the slain. You form the rank and file who deal the blows and on whom the blows are dealt. To your chiefs belong the honour and the rewards. As for you, you are under contract to suffer and to cause suffering; to inflict and to endure death; to destroy instead of creating wealth; and to use every effort to suppress the fund out of which labour is paid. The war-system, pernicious to every class, is a special curse to yours. Are you content to view it as a "necessity"? In this our protest against it, we look for your special assistance by thought, word, and pen. Public opinion is made up of assenting units.

But some one may say, "If, out of the European peace-war establishments of 3,500,000 men, 3,000,000 were, as you propose, to be disbanded, this additional supply of 3,000,000 workers would swamp the labour market, depress wages, and, being in excess of demand, cause great distress and destitution." The answer is easy. Simultaneously, with that disbandment, there would be a reduction of expenditure, and, therefore, of taxes, of £142,000,000 (see p. 102), that having been the sum required to equip and maintain those 3,000,000 of soldiers. That sum, no longer levied by the governments, would remain in the pockets of the people, and would be so much more spent by them in wages, for, as we have shown, all money spent goes to the payment of labour. It would mostly find its way to the 3,000,000 of men seeking employment, no longer as soldiers, but, far better than that, as producers in various branches of industry. Thus the £132,000,000 that had before been spent unproductively would now be spent reproductively. While the labour market would be affected one way by the influx of 3,000,000 of labour-sellers, it would be affected in the opposite direction by the influx of £142,000,000 of capital seeking for labour as the means of its utilisation. It must also be borne in mind that both the disbandment of the soldiers and the saving of the expenditure would doubtless be, not sudden but gradual, so that the adaptation of the fresh supply of labour and the fresh supply of capital to each other would be a smooth and almost imperceptible transition.

Fears may also be expressed lest such influx of labour should occasion a glut of commodities. So no doubt it would, if all the disbanded soldiers belonged to the same trade, and all went back to it. But that is quite out of the question. Soldiers are taken promiscuously from all branches of industry—the plough, the loom, the mine, the foundry, the shop, &c. &c.—and naturally each man would endeavour to get back to his old avocation. Thus there would be a fair balance between their labours, and there would simply be more of all kinds of commodities to exchange one with the other. As we have shown at p. 7, no such thing as a general glut of all articles is possible, for each finds some desirable counterpart, and none are redundant; so that the so-called general glut simply becomes general abundance. A "glut," therefore, does not mean universal over-production, but the special over-production of one or more articles as compared with the rest. Of course, the liability to gluts is much greater when countries are commercially isolated from each other than when commercial intercourse is unrestricted; just as averages are more regular and constant when taken from wide, than when taken from contracted areas.

The supposition that the conversion of 3,000,000 non-producing into productive consumers might be detrimental to the interests of the labour-sellers, would, if admitted, lead to a curious paradox. "The fewer the workers," it is said, "the smaller the competition among them and the better the wages." Now, let us follow this up. "The fewer the workers the better," means the less there is

produced the better—which again means, the less there is to distribute among everybody the better. Is not this a palpable absurdity? Why not, then, reduce the number of workers still further? To travesty an old couplet, to those who say, "Our gain is great because our work is small," we reply, "Then 'twould be greater if none worked at all." The fallacy lies in this. The producers who are so jealous of competition forget that the unproductive consumers (whom they wish to remain so) have to be maintained out of the produce of their (the producers') labour; and the greater or lesser the disproportion of numbers, the heavier or the lighter the burden. It is just as in a strike for, say 5 per cent. difference in wages. Those at work may ultimately get some benefit, but meanwhile they have to support their mates who are out on strike, at an expense far exceeding the 5 per cent. difference in wages, and the more numerous the non-workers, the greater the expense. To keep the 3,000,000 soldiers out of the labour-market, the producers of Europe (combined labour, land, and capital) have to furnish their governments annually with £132,000,000—an absurdly heavy tax to pay for keeping down the number of producers, and for reducing the amount of production—a costly mode of securing an undesirable object!

CHAPTER X.

National Debts Incurred for War Purposes—Their Results and their Limits—General Remarks on the Destructiveness of War.

WE now come to another of the "modes in which war is injurious." The various governments of the world are indebted to a number of private individuals in the vast aggregate sum of about £5,000,000,000. This amount, which was borrowed at various times and under various pretexts, those governments are under engagement to return, and meanwhile to pay annual interest thereon amounting to about £212,000,000. On the other hand, several governments have already declared themselves defaulters, have ceased paying the interest, and are not likely ever to pay the principal of their debts. Deducting these, there remain about £4,000,000,000 of unrepudiated national debts, on which the annual interest payable is about £170,000,000. Of the enormous principal in question, a portion (chiefly that lent to the United States and to our own colonies) has been borrowed for, and applied to, purposes of internal improvement, but, at the very least, three-fourths has been squandered on war expenses. The money is gone, the debt remains. Governments found it convenient, and deemed it not unjust, to borrow in the name, and for account, of posterity, and to mortgage the earnings of future generations in order to wage present war with greater efficiency. Accordingly, the world (Europe chiefly) has to pay a perpetual annuity of £170,000,000 in redemption of unauthorised

pledges, and in fulfilment of contracts to most of which the present generation has been vicariously bound.

We are not here seeking to disclaim our solidarity in, or to dispute our liability to, those arrangements, but we may be permitted to explain their origin and deplore their existence. Had the borrowing and funding system never been devised or adopted, wars must have proved infinitely less protracted, expensive, and wasteful, than they actually have been; and had the war-arbitrament system been superseded long ago (as Henry IV. of France and his wise minister Sully had planned) no war-loans would have been needful. These war-debts were to have been repaid in time of peace, but when peace came the debts were left untouched. With the exception of the United States, England, and a few minor instances, hardly any repayments have been made in diminution of these national debts. On the contrary, their tendency even in time of peace is still to increase, and no wonder, for funding is a far easier process than refunding. The present generation appears in no wise disposed to deal with this legacy of debt otherwise than by handing it down to the next. Indeed, in case of a general European war, that legacy would go down to posterity frightfully increased in amount.

War in the present day is far more a question of finance and of money expenditure than in former times. Ironclads, improved rifles, and Krupp guns, require cash down. Hundreds of millions of pounds sterling would, in case of war, speedily be called for and absorbed, and the financial

strain on some countries might become so intense as to lead to one of the two following results:— The borrowing belligerent, who would, as his debt increased and his credit declined, pay dearer and dearer for his loans, might burden his people with such a load of annual interest, that (1) either they could not continue to pay it, or that (2) if they did continue to pay it, the drain would absorb nearly all their annual savings — that is, the excess of their national production over national consumption. Let us cast a glance at both these contingencies.

In the first case, the indebted country would cease paying dividends on its debt, and would thus declare its insolvency. After this, there would be no more loans and very few wars for that wing-clipped country. Its influence in the "councils of Europe," whatever that may be substantially worth, will become small; it will lose (if it be a loss) the haughty tone which provoked enmity, and the aggressive spirit which instigated attacks on its neighbours; it will subside into a "sadder and wiser" country, and it may in time, by cultivating the arts of peace, retrieve its financial fortunes, and finally redeem its forfeited honour.

In the second case, the honour of the country will have been saved, but its material interests seriously compromised. Let us trace the gradual operation of the war-loan system in a country until it reaches its extreme limit. Of course, if the money borrowed be strictly applied to the internal improvement of a country, as in railways, harbours, roads, &c., the additional taxes levied on the

people to pay the interest are more than counterbalanced by their share in the advantages accruing from such improvements. But it is far otherwise when the money is borrowed for war purposes. Money thus borrowed is no longer reproductive, but rapidly vanishes into gunpowder smoke; and the additional taxes levied on the people to pay the interest act as drains on the resources of the country for ever. The lenders' annual interest is paid, not out of the country's gains in return for capital reproductively employed, but out of the country's resources in return for money irretrievably squandered.

The fund-holder is not a producer like the ordinary capitalist. The capital of the latter employed in conjunction with land and labour, fructifies and creates wealth. The money of the former has been wastefully consumed, and creates nothing but a debt, and this debt, as long as it remains unpaid, constitutes the fund-holder an annuitant upon the loan-ridden country. As fresh exigencies arise, more money is borrowed; loan succeeds loan on more and more onerous terms; the number of unproductive annuitants (fund-holders, whether native or foreign) to be paid out of the earnings of the producers is multiplied; and the strain upon the resources of the country becomes more and more intense, until (for everything must have a term) the extreme limit of endurance is reached.

That limit we consider to be reached when the annual interest payable on the national debt equals or nearly approaches to the amount of the nation's annual savings. Nations seldom find themselves in

that precise position, for they generally collapse, and suspend the payment of their dividends before it is quite reached. But it is quite conceivable that a country should have so much to pay for yearly interest on an excessive debt as nearly to absorb all the surplus of production over consumption in that country. In such a case there would be no savings, no accumulation of capital, no increase of wealth. All beyond the bare necessaries for the consumption of the inhabitants would go to the fund-holders in payment of interest. For the benefit of these alone the producers would be working. In point of fact, they would be the bondsmen of the bond-holders. The condition of their existence would substantially be to hand over the nett produce of their labour, after providing for their bare necessities, to the descendants of those who had lent money to their forefathers to wage war with. It would be a case of hereditary thraldom to hereditary creditors. If the latter were mostly foreigners, as is likely, then that country would have every year to export, without any return in imports, goods enough to pay the annual dividends due abroad. Their custom-house records would exhibit large exports and small imports—a state of things which the "balance of trade" doctrine holds to be the highest type of commercial prosperity, but which would really be at once the cause and the measure of that country's impending collapse and ruin.

This is the lamentable condition to which all those nations are inevitably tending with more or less rapidity, whose indebtedness is persistently on

the increase. Of course, where the resources are large, the day of reckoning is more distant, but it is only a question of time, and indulgence in the costly luxury of war would materially abridge the interval. In the natural course of events the war-system must sooner or later so distend and inflate the national debts now of one country and now of another, as to make the burdens intolerable, and their continuance impossible, thus giving the death-blow to its peculiar creation, the funding system. Like Saturn, it will have devoured its own progeny.

This consummation may be accelerated or retarded by a circumstance over which human volition exercises a very limited control; we mean the more or less abundant supply in the future of the precious metals. Under ordinary circumstances, it would matter very little whether a redundant production of gold and silver raised, or a diminished production of gold and silver lowered, the general prices of commodities throughout the civilised world. Nearly all commodities would be affected at about the same time and in about the same degree—the exchangeable or relative value of each would remain mostly unaltered—and, excepting the case of leases, time contracts, &c., it would be of very small importance whether the wealth of the world were represented by a few more or a few less of gold and silver counters.

But the terms under which nations have borrowed, and individuals have lent them, money, are such that the rise or fall of prices have become of serious importance to both. The fund-holder

is entitled to receive yearly, in payment of his dividends, a fixed and definite sum in money, and it makes an enormous difference both to him as recipient, and to the community that has to pay it, whether that sum of money represents a large or a small quantity of commodities. Setting aside the repayment of the principal of the loan, and looking only to the interest, a lender might, at the time that he subscribed his share of the loan to the state, become entitled to an amount of annual interest which was then equivalent to, say, 100 quarters of wheat; but in after-years that same amount of annual interest might, owing to a general rise or fall of prices, have become the equivalent of 200 quarters, or of only 50 quarters of wheat.

If new gold-fields and new silver mines should be discovered, and the precious metals be so abundantly produced as largely to exceed the annual demand for wear and tear, and for yearly increasing circulation requirements, the prices of all commodities would simultaneously rise, and both the value of the yearly interest paid to the fund-holder and its pressure on the taxpayer would diminish in proportion. But, on the other hand, if, as is most probable, the tendency should be towards the gradual exhaustion of the world's metalliferous deposits, and the precious metals became scarcer instead of more plentiful, the reverse process would take place—prices of all commodities would fall—and the fixed annual payments to the fund-holder would yield him a far larger return, measured in commodities, than he had looked for when he made the loan. The debts

of all nations, and the annual interest on those debts, have to be paid in metallic money; and if, through the contingencies just referred to, metallic money became scarcer and more valuable, those debts and the interest thereon would practically expand in proportion, and prove more and more onerous to the debtors.

The fund-holders would nominally receive no more money from the state than before, but supposing a general fall of prices to one half, he could purchase with that same sum of money twice as many commodities as before. Similarly, a country to which English capitalists had made a loan would always have the same nominal amount of money to remit yearly for interest, but, supposing a general fall of prices to one half, that country would have to export to England, in payment for that interest, twice the quantity of commodities that heretofore sufficed to meet it. It is obvious, therefore, that such a contingency as a short supply of the precious metals lowering prices by fifty per cent. would have the effect of doubling the burden (already hard to bear) of national indebtedness—of increasing the strain on the national power of endurance, and of hastening the final catastrophe of national bankruptcy.

It may perhaps be said that the payment of interest to the fund-holder is no real loss, for it is a mere transfer, and what is paid by one set of men is received by another set. But we beg to point out that the set of men who pay are producers, and the set of men who receive are (as far as such payments go) non-producers; and that it is very undesirable,

could it be avoided, that such transfer should be made. It may be unavoidable, but that does not prevent its being regrettable. This money is not handed over to partners like capitalists, who contribute along with ourselves to the creation of the wealth out of which it is paid, but is handed over to annuitants to whom a vicious system has given a perpetual first charge on the produce of our labour, and the labour of our descendants. We do not impugn the legality of their claim, but we do strongly condemn the vicious system out of which it has arisen. It is an evil, whether it be a necessary one or not, that money should be taken from those who have earned it, to be given to those who have not.

Infinitely better would it have been for all if the money, instead of being lent to the state to be squandered in war, had been invested (as it otherwise might have been) in reproductive operations. That a mere transfer of property is no loss is, without special explanations or reservations, a very ambiguous and hazardous assertion; for, as an abstract and isolated proposition, it implies that the five-pound note is not lost which a pickpocket has transferred from your pocket into his own. Substantially this is true, for it is a "mere transfer," and the wealth of the nation remains undiminished; but this consideration hardly reconciles you to your loss.

But while recognising a nation's obligation to fulfil the engagements entered into by its representatives, may there not be extreme cases forming exceptions? Instances are known in which, of

the nominal amount of the loan contracted, a mere percentage has reached the coffers of the borrowing country, and in which the yearly interest, if reckoned on the amount which actually came into the hands of the real borrowers, was equivalent to 20, 30, or 40 per cent. per annum. We may easily imagine the case of a despotic ruler, pressed for money to enable him to quell an insurrection, consenting to any terms for a loan, however usurious; or of a provisional government to a newly-formed state committing a similar extravagance, whether from despair, ineptitude, or corruption. Then we will suppose that the despot crushes the popular rising, and that the provisional becomes a permanent government. Are the populations in these cases to go on paying for ever the 20, 30, or 40 per cent. interest? It seems very hard upon the poor "future" that the "present" should have the power to burden it indefinitely. And then what a seductive temptation to the "present" is the possession of that power! Fancy the "present," distracted by fears, or maddened by ambition, enabled to obtain immediate relief or assistance through the easy process of drawing a heavy bill on posterity! Will it exercise self-control and stay its hand? No! the bill will be drawn, the present will be gratified at any cost, and the burden will be cast on the poor "future."

It may be urged that, after all, war cannot be so great an evil, seeing that, in spite of it, the world has gone on increasing in wealth and population; and, indeed, that its material progress during the last thirty years has been more rapid

than ever, while it is during the same period that the expenditure on war-armaments has been most excessive. A curious mode of reconciling us to what is bad in itself, by showing that it has not altogether neutralised the good derived from other sources! This fallacy is the stock argument used in defence of all abuses, and in opposition to all improvements. Its application to our present topic amounts to this, "We have progressed under the war-system, therefore do not alter it." The obvious answer is, "Our small progress towards the extinction of poverty, ignorance, and crime would have been much greater but for the war-system." If an evil only retards, without actually arresting, progress, is it then no evil? Is an abuse not to be removed because it has not quite caused our absolute ruin? If a man with a heavy burden on his back walks on at the rate of two miles an hour, would it be a good reason for not relieving him of his burden if some were to cry out, "Do not touch the burden, for, see, he is walking on with it!" and would he not walk much faster and freer if his burden were removed? If a man lives on, though suffering from disease, is the disease to be left unrelieved because he still lives on in spite of it?

It is this same fallacy which underlies the argument used by the American protectionists, "The country has flourished under the protective system, therefore let it be maintained;" ignoring that their country has flourished, not because of, but in spite of, the protective system. The same fallacy underlies the old saying (that motto of stagnation), "Let well alone," which means, "It is

best to have nothing better than well." And yet "well" frequently indicates a very poor state of things. Indeed, if the "well" is to shut out the "better," what chance has the world of progressive improvement?

We have in the preceding pages endeavoured to shed some faint light on the "evils of wars and international rivalries." We have seen that—not taking into account the numerous modes, immediate and reflex, in which wealth is destroyed, indigence is caused, and sufferings inflicted by the brute force system of settling international disputes—not taking into account the heavy burden of taxation required to pay mere interest on national debts incurred by war, and only taking into account the positive, calculable, and yearly-renewed loss to Europe caused thereby, partly through money spent and partly through labour wasted, it is found to amount to £300,000,000 in time of peace and to £1,500,000,000 per annum in time of war.

These sums represent, in the former case, £4, and in the latter case £20 a year for every family in Europe, from the poorest to the richest. Confining ourselves only to the cost during peace, we may well ask how it is possible, with such an enormous abstraction renewed year after year from the available resources of the European communities, that poverty, ignorance, and crime should not largely prevail. That vast sum, if saved instead of being so wasted, would go far towards removing all three. There would exist so much more wealth, that is, so much more of "such objects of human

desire as are obtained or produced by human exertions." And thus, there would be more of these to be distributed, so that more physical comforts and more means of education would fall to the lot of every member of the community. A large surplus would still remain to form fresh capital, which is the fertile fund out of which labour is paid, and by which the reproduction of fresh wage-paying wealth is effected.

It may be said that the wealth so saved or created will be distributed mostly among the rich, and but little of it among the poor. But, on consideration, it will be seen that it cannot be so. For it must be borne in mind (1), that the taxes remitted through the abandonment of the war-system would be so much less abstracted from the earnings of the multitude as well as from the incomes of the wealthy; and (2), that the labour which was before wasted on soldiering and had now become productive would mostly be employed on articles used by the multitude. There would, no doubt, be more corn, more meat, more cheese, &c., more coal, more iron, &c., more calico, more leather, &c., produced; but that extra abundance, if distributed at all (and unless destroyed, distributed it must be), would, of necessity, be mostly distributed among the multitude; for the affluent have already as much as they can consume of those commodities. The rich man would not eat two beef-steaks instead of one, or double his consumption of coal because meat and coal were cheap and abundant. The extra supply of all those commodities in consequence of increased productiveness

would, if consumed at all (and consumed they must be, unless wilfully destroyed), be consumed by the multitude, and go to increase either their comforts or their stocks of useful things; probably both. Of articles of luxury and art, the multiplication chiefly concerns the richer few; while of articles of utility, the multiplication is specially beneficial to the poorer many.

Before closing this branch of the subject, and proceeding to discuss the alleged necessity for the war-arbitrament system, we desire to place on record and emphatically to state that our unsparing condemnation of the system itself by no means implies our non-recognition of the many high qualities evinced by the true soldier in the performance of his duties. In actual warfare some of the noblest faculties of our nature (as well, we must fain add, some of its worst passions) are developed to the highest point of which they are susceptible. The tension of mind, arising from emulation, danger, and excitement, strains its powers to their utmost. The fine qualities most constantly displayed by the men are fearless courage, devotion to duty, patient endurance of peril and privation, sacrifice of self-longings to discipline requirements, &c.

In addition to these, others are required in their leaders, such as mental capacity, unfaltering presence of mind, rapidity of perception and decision, unbending resolution, the rare union of a power of large combination with a thorough grasp of details, and a number of other qualifications without which no general can be successful. In private life, the

retired warrior usually exhibits favourable traces of the influence exercised by an active military career. In our own intercourse with soldiers who have seen service we have generally found them to be among the most humane and unassuming of men.

And then, even in the annals of war, there are a few bright spots which break through the prevailing gloom. Who is there who has not felt a thrill of admiration at the recital of heroic deeds, performed by heroic men? Or of a glorious, even though unsuccessful, stand made by a few in defence of their right, against the many in the commission of a wrong? Great difficulties surmounted, or great successes achieved, by prowess and pluck against great odds, cannot but stir the human breast like the sound of a trumpet. Who can without the deepest emotion peruse the scroll on which are inscribed briefly, but therefore all the more pithily, the noble actions which have entitled the performers of them to the Victoria Cross?

Thus it will be seen that our detestation of war is quite compatible with our fair appreciation of those whom it presses into its service. We may admire valorous deeds, and yet earnestly deprecate the occasion which calls for them. And let it be remembered that peace also has laurels to be won by brave men. The miners who freely risk their lives to deliver their mates from the living tomb in which a sudden accident has imprisoned them, are but a type of the many noble-minded men and women who are ever ready to rush into danger in order to rescue others from it. We have none the less appreciation of their heroism because we

deplore the necessity for it, and endeavour to avert that necessity in the future. And after all, alas! the horrors and miseries of war receive but slender mitigation from the splendour of exceptional achievements, or from the high personal qualities of those who may prove, when it is over, to have been either its victims or its survivors.

CHAPTER XI.

The Alleged Necessity for War—Advantages and Disadvantages of Territorial Extension—Where the War Principle leads when fully carried out—The Democratic Element.

B. AS TO THE NECESSITY FOR WAR.—It now becomes our task to analyse the allegation so constantly made that international disputes cannot possibly be settled without the arbitrament of war; and that, therefore, wars are necessary and unavoidable. In order to examine into the truth of this allegation, it will be necessary to inquire into the nature of those international disputes which are thus said not to be susceptible of solution except through the ordeal of brute force. What are the causes from which have sprung the numerous European wars of the last two centuries? We omit insurrectionary and civil wars, which, as our inquiry is confined to international wars, do not, for obvious reasons, come within its scope. We shall find the rest all comprised under some one of the following heads:—1. Wars waged to displace or replace ruling dynasties. 2. Wars of aggrandisement, and for the acquisition of increased

territory, power, revenue, influence, &c. 3. Wars to maintain the balance of power, and to resist the craving for aggrandisement referred to in the preceding sentence. 4. Wars of redress for alleged injuries or insults. 5. Wars in fulfilment of old treaty guarantees. 6. Wars to arrest the contagion of democratic principles. 7. Wars to protect nationalities forming part of another state. We are not aware of any civilised war that is not referable to some one of the foregoing categories.

There is not among these a single case of war of peoples against peoples. They are all cases of rulers against rulers — governments against governments—and of statesmen against statesmen. It is the state-machine, as represented by the Napoleon, or the Bismarck, or the Beaconsfield, of the day, that makes war or peace. The people for whose welfare and behoof the state-machine was nominally and ostensibly constructed, have practically no voice in the matter of peace or war. The only wars to which the people constituting a state are direct parties are insurrectionary or civil wars, which are outside of our theme, and which rarely contribute to the enormous pecuniary sacrifices exacted by international war preparations or war actualities. It is the executive department of the state, usually concentrated into a few hands, frequently, indeed, wielded by one man, that threatens war, declares war, and maintains war. If the adult population of a country were polled before the nation were actually committed to a course, few wars would ever take place. Public opinion is generally consulted too late. The

diplomatic threat that has elicited official defiance —the *quasi ultimatum* that has been submitted and rejected—the compromising engagements entered into to secure allies—the impossible recall of rash utterances—the aggressive attitude sometimes assumed by over-zealous subordinates—all these and many other precipitate and irritating measures have become accomplished facts which the people have to accept and abide by, but which, had their wishes been consulted in good time, might most probably have remained unaccomplished intentions.

There are no apparent reasons why democracies should wage war against democracies. To them, the material prosperity of the mass of the people must be, as it should be of all governments, the ruling and paramount object of concern. The prosperity of the people is professedly the final end of political institutions. But of all the wars that have raged among European states, we do not know one of which the real, or even the pretended object, has been to promote the material prosperity of the mass of the people. The manifestos issued to justify declarations of war usually dwell on the very intense desire for a peaceful solution which animated the issuer, but was frustrated by, &c.—on the course of action which became necessary for the honour, glory, and dignity of the country—on the justice, expediency, and urgency of repressing the ambitious views and aggressive policy which, &c., &c.—and on a number of similar topics connected with the position and prospects of the state-machine from an external and diplomatic point of view.

But we do not remember a single declaration of war that ever announced its objects to be the alleviation of the people's burdens; the encouragement of their labour and industry; or the furtherance of their physical and moral welfare. It will be said that these are not the class of objects obtainable through war—that, in fact, war was antagonistic to and destructive of them. So much the worse for the war-system. If the good of the people—the first, the true, the final end of all government—be, not promoted but obstructed by war, what is the value to the people of those objects which war sometimes more or less succeeds, or oftener more or less fails in accomplishing? Let us see.

We of course set on one side purely defensive wars. Such are sacred, and the crime is the aggressor's. As to other wars, however, it will be seen by a reference to the seven heads under which we have, at p. 134, classified the various causes of modern wars, that none of these bear any reference to either the benefits to be conferred on, or the evils to be averted from, the individual members of the belligerent community. They deal with statesmen's grievances, not with popular requirements. They mostly converge into one focus. Dynastic wars, compensation for injury wars, and treaty wars, are not of frequent occurrence, and when they do occur are often found to be aggrandisement wars in disguise, or they lapse from the one into the other. Hence by far the most prolific sources of war are to be found in the avidity of some states for more territory, or more privileges, or more political influ-

ence, &c.; and in the determination of other states that this avidity shall not be gratified. The chief aim of statesmen seems hitherto to have been to enlarge the boundaries of their own country, and to prevent other countries from enlarging theirs. All this is done for the honour and glory of the nation as a political factor among other nations, not with any view to the substantial benefit of the people in the way of food, clothing, lodging, education, or other improvement. For instance, England has had the honour and glory (such as they are) of conquering Afghanistan, but the only influence over the destinies of individual Englishmen, of that achievement has been to increase their taxation. France has had the honour and glory (such as they are) of annexing Tunis, but the only difference which that achievement has made to individual Frenchmen is that each of them has to pay something towards the acquisition and the retention of it.

But in order to keep the topics which we have to discuss separate and distinct from each other, let us classify them. We have to consider—1. The advantages, or disadvantages, of territorial extension. 2. What it is that the principle of war leads to when fully carried out. 3. The effect of the prevailing tendency towards democratic institutions. 4. The principle of arbitration. 5. The possible federation of European states for the exclusive purpose of settling international disputes. And 6. Hero-worship and pseudo-patriotism.

1. As to the advantages or disadvantages of territorial extension. Both past history and

present statistics show that the cost, trouble, and anxiety connected with the acquisition and the maintenance of additional territory far exceed the advantages derivable from it. If the acquired territory is conterminous, then it must have been wrenched by force of arms from some neighbouring state. In that case, it will form a sharp and ever-festering cause of jealousy and dissension, which sooner or later will suppurate into war. How can such an acquisition prove of advantage to the conquering nation in the face of the following disadvantages? To wit, a deadly and never-sleeping feud with the dismembered country, a restless dread of hostile alliances, a constant necessity for effective and costly war preparations, &c. And what are the counterbalancing advantages accruing to the people of the triumphant country? Simply the privilege of being heavily taxed to enable the state-machine to keep a tight hold of the appropriated territory, and the "honour and glory" of having appropriated it.

Let us, however, take the more common case of possessions in various parts of the world that have been originally wrested from savage or semi-barbarous nations. We are not talking, be it observed, of self-supporting colonies which are peopling the waste places of the globe. They are self-governing and growing nations that have nothing in common with the "possessions" and "dependencies" of which we speak. Of the latter there is hardly one that defrays its own expenses, and which does not cost the ruling country a large sum of money annually, and her people an increase of taxation.

They are possessions of which the possessors would be richer, stronger, and happier, were they without them. Besides the normal drain of money which they annually absorb, there crops up every now and then a "little war" with savages, which is in due time suppressed at the cost of a few millions to the mother-country, and of a corresponding increase of her people's taxes. May the world be saved from any more of such possessions! Their loss would be a gain, just as the loss of her Italian possessions was a gain to Austria. That empire thereby lost a source of weakness and expense, and gained in compactness, power, and wealth.

A man who keeps up several expensive establishments may fancy that they redound to his "honour and glory," but he is certainly the poorer for them. A notion prevails that the extent and population of a country give the measure of its power, and that its greatness is in proportion to its largeness. Nothing can be less true, but even if it were true, it would lead to a lame conclusion. The final end of civilised society is not the greatness or the power of a nation, but the prosperity and well-being of the people of whom it is composed. The former is a consideration quite subordinate to the latter. If the people be poor, ignorant, and miserable, of what avail is it that the state should externally be powerful and "great"? The greater the contrast between the outward display and the inward wretchedness, the greater the shame and the pity. If territorial extension conduces to the glitter and adds to the poverty, what good is there in it?

There are but few, if any instances, in which

holding sway at a heavy expense over a distant dependency can benefit the people of the mother-country who have to bear that expense. Even supposing that this dependency was at any time worth acquiring, is it expedient to maintain costly military and naval establishments in order to prevent it from becoming independent, or from falling into other hands? Happy those nations which have not a number of similar white elephants to feed and maintain! And yet it is chiefly the gratification of an unreasoning greediness for territory that the war-system has for its object. It is paying an absurdly exorbitant price to acquire something which is not only worthless but a source of expense and positive loss. In the present day, however, the ideal value of such territory is beginning to be canvassed, and the real loss which it occasions to be understood. The "honour and glory" when weighed in impartial scales against the "blood and treasure," are found to be as empty words against stern realities. As the people become politically educated, they will cease to be beguiled by the "empty words," and will assign their proper value to the "stern realities."

2. What it is that the principle of war involves when fully carried out, let us now inquire. Like all other false principles, the principle of war when carried out to its full logical outcome, leads to results absurd and untenable. For instance, let us take life-destroying machinery. The art of war implies and requires the invention and perfection of the most effective possible life-de-

stroying engines. The more successful the perverse ingenuity of scientific inventors shall prove in slaughtering the greatest number of human beings in a given time and over a given space, the nearer to perfection does the military art attain. All improvements in gunnery, in submarine projectiles, in explosive compounds (such as dynamite, &c.), are fresh means, contributed with cruel impartiality by science, of immolating human lives in the most wholesale and summary manner. Where are these improvements to stop? Why should they stop at all? Why should they not advance, and will they not most likely advance, until science has invented some certain mode by which each army shall totally destroy the other? Science has accomplished greater feats than this. Perhaps the sooner the "blood and iron" system culminates into this extreme the better, for then the *reductio ad absurdum* will be complete, and war, having become simply an easy massacre on both sides, would probably fall into disuse.

Next let us glance at the war-loan system insatiably devouring wealth as long as victims are to be found. The debts contracted by "glory and aggrandisement" states will of necessity be, sooner or later, heaped up one over the other, till the pile becomes so unwieldly as to topple down altogether. The borrowing system carried out to its full extent means its being carried out until no more lenders are to be found—the necessary goal which all those nations must eventually reach who borrow faster than they pay back. It will then come to pass that the loan system, which is the main-spring of

the war-system, having been subjected to too severe a strain, will snap, and both will succumb together. A consummation devoutly to be wished, and the sooner reached the better. As long as loans are easily raised, the process is delightful to the borrowers, since it is posterity which has to repay them. They are to fighting governments even more than what accommodation bills are to a spendthrift; for they afford the means of immediate enjoyment to themselves at the price of future suffering to others. But this cannot go on for ever. The day of reckoning, whether for individuals or for nations, must come, and it involves, when it does come, both ruin and dishonour. A deplorable climax, yet a desirable one, since it puts an end to a pernicious and immoral practice.

Then again, as to the extreme right conferred by extreme might, where is its limit? What should prevent the victors from exterminating or enslaving the vanquished? The very prize contended for in these physical force struggles is the power of inflicting penalties to an indefinite extent on the defeated. Each combatant took his chance as to whether he should impose or bear the yoke. Complete and permanent subjection—the suppression of all possible means of recovering liberty—forcible measures for denationalising the subdued—and the confiscation of the fruits of their toil—all these are conditions which victorious brute force might exact if it carried out the principle of war to its full logical deductions. Anything short of those hard terms is a voluntary concession, having nothing to do with the question whether

there are any limits to the right of might, but arising out of quite a different order of considerations. It may be owing to the fear of driving the foe to desperation—or to exhaustion—or to views of future policy—or to deference to the feelings and opinions of the world, which the *summum jus*, the plenary exercise of crushing power, might shock and scandalise. But it is not owing to the tender mercies of the war principle.

3. The effect of the prevailing tendency towards democratic institutions. In proportion as the governments of the world shall more faithfully represent, and therefore be themselves more swayed by, public opinion, in that proportion will the probability of future wars be lessened. Democratic states, such as England (which is substantially a republic with hereditary presidents), the United States of America, republican France, Switzerland, Belgium, &c., are becoming more and more averse to any disturbance, through war, of finance, of commerce, of political improvements, and of the arts of peace; and were their material interests more closely interwoven with each other by means of free commercial intercourse, they would still more ardently seek to avoid the evils of war. What is the direction which political changes are taking? Despotic and semi-despotic states are in a transitional state towards constitutionalism; while, in constitutional states, in which the people's representatives possess a share, larger or smaller, of political power, the tendency is to a still increasing infusion of the popular or democratic element. The movement is both hastened and regularised by

the quickening yet restraining influence of a free press. Quickening, because inquiry and discussion are prompted—restraining, because extreme anti-social theories are rendered harmless by full and open examination and analysis. Their worth or worthlessness stands revealed under the fierce light of free public scrutiny. It is in despotic countries that they are repressed and compressed into secret conspiracies.

As the democratic element shall more strongly prevail in the larger and more powerful states of Europe, so will the personal ambition, the personal interests, and the personal caprices of princes and rulers (those most fertile sources of political provocations and strife) lose their influence, and gradually sink into powerless insignificance. The masses of one country have no quarrel with, or enmity towards, the masses of other countries. It is governments, and chiefly irresponsible governments, which hate, fear, envy, taunt, intermeddle, become embroiled with, and finally declare and wage war against, other governments. Indeed, hostile manifestos are constantly proclaiming that the war which is waged is not against the people, but against their rulers.

As long as the power of making war or peace is vested in a person or in a few persons, to whom the assent of the people beforehand is unnecessary, and to whom their censure, after the event, is a matter of indifference, so long is a nation exposed to be dragged into war, without wishing it, without expecting it, and almost without knowing it. The last provocation of diplomacy that precedes the

first act of war is delivered in secret, and is only made known to the public, if ever it is at all, when too late. The fatal blow is struck, and all that remains to the people is to grumble and fight. But all this will be changed when, as political knowledge becomes more widely spread, the executive as well as the legislative branches shall, in all or most countries, be thoroughly leavened with the democratic spirit. This infusion of the democratic element by no means implies organic changes in such constitutions as ours; but it does imply the ready continuance of that flexible adaptation of old institutions to new requirements that has been acted upon in England for nearly two centuries.

It is to such continuous progress that we hopefully look to avert the possibility that a few men may "with a light heart" plunge a helpless nation into the horrors of a needless war. It is true that even in democracies there will always be a few thoughtless, excitable, and, perhaps, interested persons, who will shout loudly about "honour and glory;" but it is not they, the noisy hundreds, it is the silent millions who constitute the nation. And when the time comes that it shall be the suffrage of these silent millions by which the question of peace or war will be decided, we confidently hope that international wars among civilised countries will become rarer and rarer as matters of fact, until they gradually dwindle into matters of history.

But let us now inquire whether there may not be some shorter and speedier way to put an end to the baneful war-system.

CHAPTER XII.

The Principle of Arbitration—Possible Federation of European States for Settlement of International Disputes—Suggested Council of the United States of Europe—Hero-worship—Pseudo-Patriotism.

4. THE principle of arbitration. There are three ways in which men in private life settle their disputes:—(1) by compulsory arbitration through legal tribunals; (2) by voluntary arbitration; and (3) by personal combat or duelling. Of these three ways the last is the most illogical, absurd, and idiotic, and has almost fallen into disuse. No one will surely, in the present day, argue that the most proper mode of settling a dispute between two persons as to their respective rights to a piece of land, or to a sum of money, is that they should fight, and that the matter in dispute should be adjudged to the conqueror. And yet of the three ways named, the last, being by far the most preposterous, is the only one that is used in the settlement of international disputes. It is not that any one professes to admire it. It is universally condemned as irrational, clumsy, cruel, barbarous, and productive of infinite misery to mankind; but still it is the only mode resorted to. Any other, it is said, would be preferable, but unfortunately there is no other! What an opprobrium to man's heart and brain should this be true! He has pressed the mystic forces of nature into his service, and yet he is impotent to improve on the barbaric internationalism of the Goths and Vandals! Truly, a marvellous incongruity!

But let us see. Of the two other modes in which private disputes are adjusted, the first, viz., compulsory arbitration through a legal tribunal, is inapplicable to international disputes, for there is at present no tribunal which can compel nations to resort to it, or even if they did, could enforce its decisions. But the second, viz., voluntary arbitration, is quite open to those national litigants who, only seeking what is right and fair, are willing not to be judges in their own cause, but to leave it to the adjudication of disinterested third parties. In a few instances, mostly of recent date, this rational, speedy, and inexpensive mode of settling international differences has been adopted with satisfactory results. Of course, as is always the case, the losers have grumbled. But even they must admit that a defeat, through the arbitrament of able and impartial men, is a thousand-fold preferable to a victory through the arbitrament of a ruinous and sanguinary war.

It may appear strange that so simple, cheap, and speedy a solution of "difficulties" between nation and nation should not hitherto have been resorted to with more frequency. But a variety of circumstances explain this. Supposing a dispute to arise between a powerful and a comparatively weak nation, it is quite intelligible that the former, confident of victory from superior military force, will hardly forego that advantage and accept arbitration which places both parties on a precisely equal footing. Again, supposing the disputants to be, or to fancy that they are, of equal military strength, one of them, at least, may be

conscious that his case will prove weak in the eyes of equitable men, and prefer to confide it to the arbitrament of physical force.

There is no lack of pretexts under which a government may decline arbitration without impugning the general principle. It may say, "Our case is so clear that there is nothing to arbitrate about;" or, "the honour of our country is at stake, and we cannot leave that to be adjudicated upon by any third parties;" or, "what guarantee have we that our adversary will be coerced in case that he should refuse compliance with an adverse verdict?" or it may use other plausible pleas. The probability that the stronger will decline the overtures of the less strong, whatever may be their respective rights or wrongs, is the weak point of the voluntary arbitration system. There is no controlling power either to compel its adoption or to enforce its verdicts. If, of two contending powers, one proposes and the other declines arbitration, it may as a rule, be inferred that the former has most confidence in the justice of its cause, and the latter most confidence in the superiority of its strength.

Nevertheless the principle is admitted by all to be sound in the abstract, and its adoption in practice will no doubt become more and more frequent, especially in contentions of secondary importance. In the case of wars of aggrandisement (under the pleas of "rectification of frontiers," precautions against future possible aggression, &c., &c.); or of wars of intervention (under the pleas of the maintenance of the balance of power, the

repression of anarchy, &c., &c.); or of all other wars of which ambition and cupidity are the mainsprings, the aggressors are not at all likely to submit their proceedings to the ordeal of arbitration, justly apprehensive lest the award should be against them. And these unfortunately constitute that class of wars which are the most frequent, the most enduring, and the most sanguinary. By what means, then, are we to obtain the agency of some extraneous, over-ruling authority that shall convert voluntary into compulsory arbitration?

5. The possible federation of European states for the exclusive purpose of settling international disputes. If the seventeen states of which Europe is now composed (or most of them) entered into a solemn treaty whereby they agreed to submit all disputes between them to the decision of a Council to consist of representatives appointed by each in fair proportion to their respective populations, the difficulty of making arbitration compulsory would be met, and a mighty problem would be solved. In the Appendix to this work we give a rough sketch of some of the leading features and conditions which the formation of a Council of the United States of Europe might involve. We submit that sketch quite tentatively, and as the merest vague outline. There may be twenty other preferable modes of accomplishing the same object, and of these, whichever proves the most practicable will be the best. For it is the impracticability of the scheme that is urged as its chief, if not almost its only, objection. "Highly praiseworthy and very philanthropic, and all that," it will be said, "but utterly chimerical and

visionary." To the former we quite agree, but we dissent from the latter. What is there visionary in a treaty between several civilised nations having for its object to secure general and permanent peace between them? If such a treaty were proposed by two or three of the great powers, is it visionary to suppose that most of the rest would join? Why, the simultaneous existence of two Grandison-Bismarcks, each swaying one of the leading states of Europe, might at once convert the vision into a fact!

But, irrespectively of a combination so desirable, our faith is in the constantly increasing influence of popular opinion upon all, even the most autocratic, governments of the world, and the gradual infusion of the popular element into their constitution. In proportion as the schoolmaster and the press are educating the people, so are great changes being wrought. Each country is becoming more of a nation and less of a state. The people are displaying comparative indifference at becoming collectively greater, and increased solicitude for becoming individually happier. The glory and advancement of that abstract entity, the state, are beginning to be subordinated to the paramount object of securing the special well-being of the men, women, and children of which it is composed. These are the important changes to which the democratic tendencies of the age are leading, and every step in that direction is a step towards the adoption of a war-discarding international polity.

The war-arbitrament system would not have endured as long as it has, but for its supposed

indispensability. It has been far too easily taken for granted that there is no escape from the fatal necessity that exists for human beings butchering each other before the survivors can come to an understanding. True that poets and preachers, philosophers and philanthropists, have made war the theme of much eloquent declamation, but none have so stoutly denied its necessity, and so clearly pointed out its remedy or alternative, as to remove from the bulk of mankind the impression that war is inseparably interwoven in the frame of our social organisation, and forms the *sine quâ non* of civilisation. This fallacy is fatal to all improvement. To fancy war indispensable is to make it so. But the world is beginning to know better. The moment that war ceases to be regarded as the inevitable destiny of man, it is doomed. Its fetichism once destroyed, the wretched old idol will quickly be deposed from its altar.

What the millions who form the main body of all nations require is a fair share of physical comforts, and of leisure for mental culture. These are the two fundamental conditions of human happiness. With these, every degree, without these, no degree, of elevation in the scale of being can be generally reached. War forms one of the greatest obstacles to the realisation of both these conditions, and the millions, when, and as, they obtain political power, will have to choose between foregoing the requirements, or demolishing the obstacles. Already, thoughtful and far-seeing statesmen are casting their looks forward at the coming changes in the objects of future statesman-

ship. More and more, the happiness of the people rather than the glory of the state—attention to domestic improvements rather than to foreign politics—the furtherance of wealth-creation through peace rather than of wealth-destruction through war, will form the leading features in the state-policy of all free nations. The old system of isolating the various communities into which Europe is divided—making their interests, which are naturally identical, artificially conflicting—and so placing each at enmity, if not at war, with the other, has been fully tried and found wanting.

It is true that in certain respects this old system has undergone some improvement. Things were, for instance, worse still when England was a heptarchy—Italy a bundle of petty dukedoms, or small oligarchies (erroneously called republics) —and when France, Germany, Spain, &c., were torn by intestine wars between the numberless townships, provinces, electorates, and other feudal independencies into which each was split up. In the course of ages much of this has been changed, and numerous small statelets have merged into one large state. The questions that had occasioned frequent and almost hereditary wars between two neighbouring districts were now referred to and decided by the government into which both had merged; and the differences that had cost the disputants a perennial flow of blood and treasure were finally settled by compulsory arbitration. What we now suggest is that this improvement should continue its course, and that the same remedy, viz., compulsory arbitration, that put a

stop to wars between province and province of the same country, should be applied to put a stop to wars between country and country of the same continent.

That the people of the small districts formerly hostile and destructive to each other are far happier now that their incorporation into the same state has suppressed their feuds—that those whom mutual hatred once estranged and who rarely met but in conflict, should now find it much more pleasant and profitable to trade with each other than to fight with each other, who can doubt? And equally, who can doubt that the people constituting the nations which are now jealous of, isolated from, and which have interests, not naturally but artificially, pitted against each other, would be infinitely happier if arbitration permanently settled their differences and thus removed all causes for jealousy and isolation? But some will say, "That is impossible! National jealousies will never be extirpated." So was it once said of the feuds between Cumberland and the Scottish borders, between Normandy and Brittany, between Castile and Arragon, between Florence and Pisa, &c., &c. And yet these irreconcilable foes have now become friendly and fraternal members of the same state. Beware of fixing the limits of the possible. The "impossible" has come to pass in the instances quoted as well as in many others, and will assuredly come again to pass in the extinction of inter-European war so soon as human volition shall be energetically directed to that end.

That each nation would be contented with its boundaries were they once for all definitely fixed by some recognised authority, such as the suggested Council of the United States of Europe, is not only consonant to reason, but also to experience, as exemplified in the United States of America. No disputes ever arise between any of the latter as to whether a few square miles of territory belong to the one or to the other. Congress has clearly defined once for all their respective limits, and with that demarcation each state is perfectly satisfied. In the same way the people that compose the various nations of Europe would see that they could derive no real accession to their happiness from using brute force at an extravagant cost of blood and treasure in order to wrest a province from a neighbouring country. If left to themselves the people would probably not care, and would certainly not go to war, for such addition to their territory.

It is not the bulk of a nation—that is to say, its peasants, labourers, artizans, shopkeepers, &c.—who threaten with slaughter and devastation the peasants, labourers, artizans, and shopkeepers of another nation. These classes in one country bear no ill-will against the corresponding classes in the other country. To cut each other's throats is the last thing they would think of until compelled by their rulers to meet armed for that express purpose. Democracy would gladly hail a permanent and final map of Europe, while statecraft is perpetually patching, cobbling, and tinkering it, and thus keeps up an ever-festering sore.

As a rule, both the real and the assigned grounds for a war between two countries are slight and easily removable at first. But as negotiations proceed, the discussion assumes a wider range and a less courteous tone; a word is perhaps inadvertently dropped which is construed into a threat or an affront, the dispute is envenomed, the controversy becomes so hot that the veneer of diplomacy blisters off, each party waxes wroth, and finally war ensues. In all these cases a resort to a central and supreme body such as the Council of the United States of Europe, would have settled the dispute long before the introduction of disagreeable adjectives had increased the difficulty of the task. Neither could there be any loss of dignity in an appeal to such a tribunal or in submission to its decision, since each disputant would be fairly represented in it, and would only be obeying a decree to which he himself, by implication, was a party. He would be, not the judge, but a judge, in his own cause.

6. Hero-worship and pseudo-patriotism. Both these faults are founded on feelings which, beneficial in their origin and nature, have been so strained and warped as to have become enlisted in the cause of violence and discord. Of violence, by the worship of physical-force heroes—of discord, by a clannish exclusiveness miscalled patriotism. It is natural for average men to admire those who tower above the average; and it is also natural for us to love with a special fondness our families, friends, and neighbours, and the spot of earth which is connected with our earliest associations. But when our

admiration is claimed for so worthless a man as Frederick the Great simply because he was successful, or when our love for those around us merges into aversion and contempt for other men because they live far away, then we object to the unreasoning exaggeration which confounds good and evil.

Hero-worship is the blind adoration of success by whatever means achieved, and of power for whatever purposes exercised. In most cases, it is through the instrumentality of war that such success and power have been attained, and thus war itself obtains a share of the admiration and worship which they receive. Naseby, Blenheim, and Austerlitz, are identified with the wonderful fortunes of Cromwell, Marlborough, and Napoleon, and the habit is contracted of glorifying war for its romantic results, without reference to its sinister influence on the destinies of mankind. The abolition of war will fearfully diminish the number of future heroes, and hero-worshippers will be compelled to fall back on their old, hackneyed idols, from Alexander of Macedon to Buonaparte of Corsica. Otherwise they will have to bow to tamer and more beneficent deities, whose rites do not necessitate countless human sacrifices.

The true patriot entertains a sincere love for his country and for his countrymen, and would undergo much labour, perhaps much suffering, to serve their interests. The pseudo-patriot thinks this not enough. To him, not only is his country dear, but other countries are obnoxious, and he both envies and fears their prosperity. He carries

his love for his own people, which is laudable, to the extent of aversion to all other people, which is absurd and reprehensible. Pseudo-patriotism is founded on a prevalent but pernicious fallacy, viz., that the prosperity of a nation is marred and injured by the prosperity of other nations. This fatal error has largely contributed to perpetuate those jealousies, rivalries, and armed conflicts, out of which it originally sprung. If the intercourse between all nations had been pacific and free, such a notion could never have existed. Abolish jealousy and exclusiveness, and it becomes transparently obvious that the more each country prospers, the more the entire world prospers. The more universal the activity in creating wealth, the better for all everywhere.

That one community should be poorer cannot make other communities richer; on the contrary, the latter then have a bad customer instead of a good one. Still less can one country be the wealthier from the rest being in poverty, for its interchanges will be proportionately fewer, and its intercourse with them less fruitful. It might as well be contended that California would flourish all the more if the industries of Alabama were to decay, and its productions were curtailed; or that it would be an advantage to Kent if Lancashire were unprosperous. No! rightly understood, there is a solidarity of well-being throughout the nations of the world. None can suffer without the sum of human happiness being diminished, and some glad ray is reflected over all when the welfare of a part is cheered by brighter aspects.

It is true that the significance of this universal identity of human interests cannot be realised to its full extent while nations stand opposed to each other in actual or contingent warfare, or are isolated from each other by restrictions on commercial intercourse. But by making it abundantly clear, and widely known, that these two evil influences form the chief obstacles to the general welfare of mankind, additional strength and stimulus will be given to the efforts which are being made to remove them.

As regards the first obstacle, as long as nations are likely to be brought into war-collision, owing to the antagonism of supposed political interests, it is quite conceivable that each should view with a pang of regret the prosperity of the rest. Whatever strengthens one party makes the other relatively weaker. The comparative happiness of one people is an opprobrium to the rulers of another people who are not happy. A rapid progress in wealth, and therefore in latent power, of some states, is gall and wormwood to those states whose relative political prestige and influence are thereby impaired, and to whom political prestige and influence are the only tests of national greatness. This feeling is by no means unnatural under the present artificial and hollow system of national rivalry and political antagonism. No doubt it is wicked to rejoice at the calamities of others, and to feel disgusted at their prosperity; but, wicked or not, it is logical when men are artificially so pitted against each other as that the progress of our neighbours becomes a menace, more or less direct,

to ourselves. Were it not for the prevalence of the war-arbitrament system, such a feeling, instead of being wicked but logical, would be both wicked and absurd. There would cease to be a contradiction between what was unconditionally just, and what was, under certain conditions, logical. The anomaly to which we object is founded on the doctrines which proclaim that the interests of men are opposed to each other—that their natural and normal state is that of war—and that the less we are assisted by the labours of others the better we are off ourselves.

So, too, as regards the second obstacle, commercial isolation. Besides other adverse economical results, such as the partial annulment of the greatest factor of human productiveness, the division of labour, and the compulsory diversion of industry from naturally fertile to comparatively barren employment, &c., there are other disadvantages in more immediate connection with the subject on which we are engaged. The population of the world at large, who, left to themselves, would become closely knit together by a mutual inter-dependence on each other for the supply of their wants, are interdicted from these friendly and mutually advantageous relations; and are forcibly cut up into a variety of districts, some large, some small, called countries, each of which is to supply its own wants, and to have as little commercial intercourse as possible with other districts. This small planet of ours is to be dissected into a certain number of smaller planets, each to be ticketed, "No connection with the planets on

the other side of the sea, or river, or mountain range (as the case may be). Interchanges strictly forbidden. No barter permitted of what we can produce better than they can for what they can produce better than we can." The more efficient the protective system, the more complete the isolation. It is only its impotence beyond a certain point that permits any international trade whatever to be possible. War isolation and trade isolation assist each other in dividing the world into hostile tribes, and in preventing that natural fusion of their interests under which the good of a part, far from being opposed to, or incompatible with, is the promoter of the good of the whole.

In discussing the chances of the war-system coming to an end, either through the *reductio ad absurdum* of the expenditure of money and the destruction of life being carried beyond the bounds of human toleration, or through the common accord of civilised nations, we have confined our attention chiefly to Europe. For it is there that the science of war has received its greatest development, and the art of war its most complete and expensive organisation, so that the abolition of the war-system in Europe would be pretty well tantamount to its universal abolition among civilised nations. Indeed, out of Europe (that cradle of modern civilisation) wars are few, and comparatively on a small scale. The English-speaking communities who are gradually filling up the vacant spaces on our globe, most wisely (and may their beneficial wisdom be contagious) devote themselves to the arts of peace. China, with a population exceeding

that of Europe, spends the merest trifle (compared with Europe's peace footing of £166,000,000 per annum) on military establishments. The combined inter-tribal wars of all the African races do not probably cost as many lives yearly as were sacrificed in the single battle of Waterloo. It is to Europe, supreme in refinement and culture, that the guilt of bloodthirstiness mostly attaches—and it is to Europe, fertile in intellects of the highest order, that we must look to redeem herself from that frightful sin. Surely the preservation of human life, and the elimination of human misery, should be the primary objects of human efforts.

We now take leave of a subject of which the importance has led us into a lengthened discussion. We have carefully and thoughtfully considered the question of "Wars and international rivalries" as forming one of the most formidable impediments to wealth-creation. We have depicted the evils of war, and we have gainsaid its necessity. Its evils all admit, though in a vague and general way: here we have catalogued and inventoried them. Its necessity all have assumed, though only in a vague and general way: here we have directly impugned and contested it. We distinctly deny the necessity for war, and we call on all those to whom man's future is an object of interest to investigate the subject boldly and searchingly. It is our thorough conviction that we are right, and that if men will only boldly face the problem it will soon be solved.

Of one thing we are quite certain, viz.—that thousands and thousands of human hearts will beat in unison with ours, will lovingly cling to

the hope that we may be right, and will suffer a chill of apprehension lest we might chance to be wrong. Good instincts leap forward, while feeble reason slowly creeps. There is hardly a man—certainly not a woman—who would not feel profound grief and humiliation if it were clearly demonstrable that there is no alternative for the settlement of disputes between men and men beyond the savage arbitrament of war—grief, for the cruel evils from which there is to be no relief, and humiliation at the miserable shortcomings of human efforts. For what are the ends and aims of our boasted civilisation? Surely not the mere pursuit of and progress in art and science! These are only means to the real end. The real end is the physical and mental well-being of mankind—that is, not of any special country, or class, or section, but of all the human beings who are within the pale and sit under the banner of civilisation. A civilisation which endows us with steam and telegraphy, but cannot emancipate us from the horrors of war, is impotent and abortive. It falls short of its mission. It gives us those scientific improvements which man might in truth be happy without, but leaves untouched those social iniquities which man cannot be happy with. Of what avail are the marvellous conquests of science to the great bulk of mankind, while they are condemned to hereditary poverty and ignorance by vicious institutions—such as war, commercial isolation, and other obstacles to wealth-creation?

No doubt our progress in science and art tends not only to increase the enjoyments of the

rich, but also to alleviate the privations of the poor; but its beneficent operation in the latter direction is checked and counteracted by the vicious institutions just referred to; and civilisation is incomplete and abortive until those fertile causes of human misery are abolished. They can be abolished, for they exist through man's volition; and the power which instituted can annul them. That they will before long be abolished we earnestly trust, and we fervently entreat the co-operation of all who read these pages to that end. Every one can contribute something towards it by thought, or word, or deed, or vote. Let us never weary or despond, but pledge ourselves to work, and still to work, and ever to work, according to our means, in so holy a cause.

CHAPTER XIII.

Commercial Isolation—Protectionist Fallacies—Balances Due by one Country to Another are not Paid in Specie—All Commerce is Barter.

B. 4. COMMERCIAL ISOLATION.—We have fully expatiated in our earlier pages on the manifold advantages afforded by the "Division of labour," and by "Free commercial intercourse." We therefore shall have the less to say as to the evils of "Commercial isolation." For the evils of the latter mainly consist in ignoring and abjuring the manifold advantages on which we have already so emphatically dwelt. The higher the estimation

in which those advantages are held, the greater must be our appreciation of the evils and losses incurred by curtailing our availment of them. That curtailment statesmen have effected by cutting off industrially one country from the other, and substituting narrow and sectional for world-wide international division of labour. Whether countries be large or small, the isolation system (that is to say the protective system), in its logical completeness, decides that the division of labour shall not carry its operations beyond the boundaries of each; that the people who dwell within those boundaries shall not avail themselves of the co-operation of the people who dwell beyond those boundaries; and that they shall each supply their own wants as though there were no other countries or people in existence. In this way they will be "independent of foreigners."

Foreigners! A term implying a certain measure of contumely and reproach, as though "foreigners" were not brother-men accidentally born under a different longitude and latitude, and accidentally placed, by barbaric mediæval brute force, in a distinct section of the globe called another country—as though "foreigners" were inborn enemies and natural objects of repulsion! Well, be it so. The isolated nation will be "independent of foreigners." Very true; but it will forfeit all the advantages of the division of labour on a large scale. It cannot possibly enjoy at once the incompatible privileges of isolation and of co-operation. Under the isolation system each country is to produce enough of everything for

its own wants, and therefore, as it takes nothing from the foreigner, so neither can it give the foreigner anything. Hence follows the abolition of foreign commerce as well as the curtailment of the division of labour, for the essence of both is free interchange. All commerce is substantially barter.

It is true that such complete isolation as this has seldom rewarded the efforts of Protectionism. But instances are not totally wanting. China and Japan, until recently, had succeeded in being quite "independent of foreigners;" and there are still some savage islands scattered throughout the ocean, the natives of which decline commercial intercourse with other nations, and protect the labour of their own people by refusing admittance to the products of foreign labour. If we accept the Protectionist principle that every country should be self-sufficing, the practice of these islanders is strictly logical. In most countries, however, the practice of Protectionism has fallen short of its principles, and it has succeeded only in curtailing, not in abolishing, commercial interchanges between people and people. It has, therefore, not been able totally to abolish, but only to curtail, the beneficent operations of the division of labour. The practice of Protectionism has, nevertheless, done infinite mischief, and would have done much more could its principle have been fully carried out. That it should not have been carried out is due, not to the principles of its supporters, but to the laws of Nature. Nature, by parcelling out the globe into an endless

diversity of zones, climates, soils, &c., and assigning to each its special productions, has rendered compulsory a certain amount of interchanges between man and man, and has thus rebuked the doctrine that each country should be self-sufficing and independent of others.

To form a close estimate of the amount by which, had the principle of the division of labour been allowed full and free scope, the aggregate wealth of the world would have been increased, is manifestly impossible; but we might perhaps arrive at some rough notion of it. In a former chapter (see p. 24) we estimated the average percentage of the import duties which formed the frontier line between total prohibition from, and partial admission to, a protected country at forty per cent. In some cases it is much more, in others it is much less, but assuming forty per cent. as the average boundary which will, in spite of the duty, allow the admission of a certain quantity of foreign goods, the inference is obvious. Native goods must cost forty per cent. more than foreign goods. Of such articles, it is clear that the native producer can only produce one hundred, with the same expenditure of capital and labour as that with which the foreign producer can produce one hundred and forty. Hence it follows that, with free trade and universal and unimpeded division of labour among the fittest workers, one hundred and forty of such articles would have been produced for every one hundred that have been produced in protected countries, and the world would have been richer in that proportion. We shall not attempt the task of assessing the

value of all the commodities that are raised throughout the world under those conditions, and of which the cost is wilfully and uselessly enhanced forty per cent. by state interference with the self-directed flow of industry within its natural channels; but, without doubt, it must amount to an enormous and almost incredible annual sum.

The origin of this Protective system, which prohibits men from devoting their labour and capital to remunerative, and compels men to misdirect them to losing, pursuits is easily traceable to that war-engendered and war-engendering spirit of hostility between nation and nation, which is at once so needless and so baneful. The continuance of that system rests on the apathy of the multitude, who suffer in silence, because in ignorance of the cause—on its active advocacy by the few whose private are in opposition to the public interests—and on the subservience of statesmen who are far more anxious to propitiate the active few than to thwart them for the sake of the indifferent many.

That the great bulk of the people in all countries should not be yet aware of the injustice inflicted on them by the system is perhaps hardly to be wondered at. Its evils are not obvious because the losses it occasions are minutely subdivided among the millions. On the other hand, its apparent gains to a small class are made conspicuous, because they are cumulated upon a few hundreds. Big factories and their busy workmen are, in protected countries, ostentatiously exhibited as the noble results of the system, with the sarcastic question, "Is it then your aim, O ye free-traders,

to dismantle these spacious establishments and hush the busy hum of industry into barren silence?" Well, yes! it is certain that, as far as these costly establishments are devoted merely to protected industries, they are built out of subventions from the community at large—the workmen have been diverted from profitable work to this which is unprofitable (else, why the protection?)—and the more striking their vastness and splendour, the greater is the waste and loss which they entail. Every consumer is taxed for their maintenance, and suffers by their continued existence. They are palaces reared out of enforced contributions from the earnings of millions of toilers.

But the people will not always be blind to their own interests. The more the subject is discussed, the more visible will the truth in regard to it become. Indeed, we hail with joy every speech made, and every page written, by the advocates of Protection, for they contribute to rouse the public from their torpor, they stimulate it to inquiry—and they unwittingly help to unveil the fallacies which they are intended to justify.

We shall now proceed to collect and pass under review the most prominent or plausible of those pleas which have been adduced to justify the adoption of a Protective policy and the rejection of Free Trade. We shall endeavour to state them, discuss them, and refute them fairly, freely, and briefly. The Protectionist pleas we shall print in italics, to be followed by our remarks on each.

1. *Balances due by one country to another are paid for in specie. Hence, if the balance of trade be*

against us, we shall be drained of our specie to pay for such balance.

Now, in the first place, there is practically no such thing as a "balance of trade." The trade between two countries entirely consists of a series of commercial dealings between a number of persons in one country and a number of persons in the other; and there can be no national balance of trade, because each dealing (and it is of these that the totality is formed) is settled for at the time, and balances itself.

We, the inhabitants of any given country, may, it is true, buy from some countries more than we directly sell to them, but the difference is not paid for in specie; it is paid for by bills on other countries to which we sell more than we buy from them. On the whole, the commercial dealings of a country with the world at large are self-adjusting, and leave no balance to be paid to or from either side. But although there is no such thing as a "balance of trade," most countries do either import more from the rest of the world than they export to it, or *vice versâ;* and it is this excess, on whichever side it may be, that is ordinarily, though wrongly, termed the balance of trade.

How such excesses arise we shall shortly see; here the question is simply whether it be true, as alleged, that if we import more than we export "we shall be drained of our specie to pay" for such excess of imports. Past history and present experience conclusively show that it is not true. Amounts due (from whatever cause) by one country to others are not paid for in specie. In England, our im-

ports have exceeded our exports, year after year, for more than a quarter of a century, by an average of about £50,000,000 a year; and yet throughout all those years, instead of our bullion having been drained from us, our import has largely exceeded our export of it. This fact is at once so undeniable and so conclusive, that we shall not waste time upon it.

The ebb and flow of bullion between various countries has comparatively a very small range, and depends almost entirely on their respective circulation requirements. Even in wealthy England, the abstraction of a few millions' worth of gold so deranges the circulation as to raise the rate of interest to a point sufficient to bring it back again. How, then, can any one dream of our sending away £100,000,000 of it annually to pay for our present annual excess of imports? The fact is, that every country possesses and retains as much specie as is required for circulation purposes—sometimes a little less, sometimes a little more, but never much less, nor much more. No country was ever drained of its specie by its foreign commerce. The only way in which a country can ever be denuded of specie is by the adoption of an inconvertible paper currency. The circulation requirements being in that case supplied by paper, the specie becomes surplusage, and is sent abroad, where its value is greater.

To sum up, the truth is that BALANCES DUE (FROM WHATEVER CAUSE) BY ONE COUNTRY TO ANOTHER ARE NOT PAID FOR IN SPECIE; AND NO COUNTRY HAS EVER BEEN DRAINED OF ITS

SPECIE THROUGH THE OPERATION OF FOREIGN TRADE.

2. *Commerce is not the exchange of goods for goods, which would be barter; but of goods for money, which is not barter.* It will not, we think, be difficult to show that the exchange of goods for money is virtually as much barter as though the goods were directly exchanged for other goods.

The only possible value of money consists in its purchasing power. Money is only worth what it can buy. Just consider. Of what possible use can money be if it be not used to purchase something with? Whether that "something" be commodities, or land, or labour, &c., matters not; the only worth of money is in its power to purchase such things. True, that it may be melted down and applied to manufacturing purposes, but then it ceases to be money, and becomes only a metal. A dollar may be converted into a pencil-case. In its latter shape it is useful, but has no purchasing power; in the former shape, it is utterly useless except by reason of its purchasing power. Now, in all commercial transactions, if the money which the seller of the goods receives for them is ever utilised at all, it can only be by the purchase with it of some other commodities. Hence it follows that, virtually, an interchange takes place between the commodities which that seller has sold for money and the other commodities which he has used that money in acquiring. All trade dealings are inevitably attended by the same process. No sale is made by any person without his making, sooner or later, a corresponding purchase. The goods so

sold are, virtually and substantially, bartered for the goods so purchased, and the money merely serves as the medium of interchange. In most cases the barter is not effected either directly or at once, and is only completed when the money received for the goods is made use of for some definite purpose. It may for a time be deposited in a bank, but it will not long remain idle. It may for a time be transferred from one person to another as a loan; but, soon or late (in most cases, soon), it is used as a payment in exchange for something, and that something is the "thing" for which the goods originally sold are ultimately bartered.

Occasionally a long time elapses before the barter is completed; as, for instance, when the receiver of the money, instead of using it at once, puts it in an old stocking and hoards it. The completion of the barter is suspended until the owner takes the money out of the old stocking and utilises it. He may use it, let us say, to pay the wages of labour; in which case the interchange is perfected, and the goods originally sold are bartered for labour. In point of fact, the money paid by the buyer to the seller is equivalent to a ticket authorising the holder to receive, in exchange for the goods which he has sold, other commodities to the same amount, of any kind which he may choose, and at any time that he may think fit. The moment he utilises that ticket the barter is complete and the commodities which he receives form the counterpart to the goods which he has sold.

The money which the seller receives for his goods would be little more than so many pieces of broken slate were it not for its purchasing power. The consideration for which his goods have been given is not the mere coins, it really is the commodities which those coins will purchase. The mere money itself is utterly valueless, unless it be, sooner or later, turned into commodities, whatever those commodities may be, whether land or labour, raw materials, or manufactured products.

If you purchase wheat, and pay for it in money, that money may perchance be used for purchasing a horse, in which case the horse has been, indirectly but no less truly, bartered for wheat. To put it into a more general form, every sale or purchase is a barter of the commodities so sold or purchased with the commodities on which the seller may expend the money received. If money, as money, had any other value beyond its purchasing power, it might be said that every sale or purchase is a barter between goods and money. But money, as money, has no real but only a representative value. The barter really is between the definite goods given for the money, and the undefined goods which that money represents, and which it may at any moment realise. Just as when you buy a ticket for a concert, the consideration given for your money is not the piece of paste-board of which the ticket itself consists, but the musical performance which the ticket represents.

Let us conclude by an illustration. You, being in England, buy, we will say, a cargo of wheat from New York. Against the bill of lading, &c., of this

shipment you accept a bill drawn on you by the seller, payable in England, and probably you pay for this bill in money before you get possession of the wheat. Now, pray observe. The money which you pay for that bill is not sent over in specie to America. It remains in England, to the credit of the banker in New York to whom the bills drawn on you were endorsed. The usual and natural use which he makes of this credit is to draw bills from New York against it, which bills he will sell in America, for a given number of dollars, to any one who wishes to make a remittance to England—perhaps to a man who has ordered some Manchester goods, for which he pays by remitting those bills to Manchester. In such case, it is evident that the specie does not leave England, and that, substantially, the American wheat has been bartered for Manchester goods.

Frequently the process is more indirect and circuitous, but, if analysed, it comes to the same thing. For instance, the bills referred to above, instead of being sent direct to England, may be sent to Rio Janeiro to pay for coffee, and sent from Rio Janeiro to England to pay for Sheffield steelware bought for Brazil. In this case England gets the American wheat, America the Brazilian coffee, and Brazil the English steel. And thus a double barter—something like Capt. Marryat's triangular duel—has taken place without the slightest displacement of specie. Note, moreover, that this is the regular, normal, and nearly universal practice in mercantile operations. Hardly

once in a thousand cases are foreign goods paid for by direct export of specie.

To sum up, the truth is that ALL COMMERCE IS BARTER; FOR IT IS AN INTERCHANGE BETWEEN THE COMMODITIES SOLD FOR MONEY AND THE COMMODITIES WHICH THAT MONEY WILL BE USED IN PURCHASING.

CHAPTER XIV.

3. Excess of Imports mostly a sign of Wealth—4. Imports and Exports (except those for Loans or Repayments) balance each other—5. Protection Discourages Native Industry.

3. *Permanent excess of imports impoverishes, and permanent excess of exports enriches, a country.* This is the reverse of the fact. It would not be true even if such excess of imports had to be paid for by the receivers, or if such excess of exports implied a return payment of some kind. But this is never the case. For had such excess to be paid for, the payment must necessarily be either in goods or in specie. Now, it could not be in goods, as then, *ex hypothesi*, the goods exported would equal the goods imported, and how could there be an excess either way? Neither could that payment be made in specie, for it has been shown over and over again that the displacement of specie between country and country is confined within a very narrow range, that it is almost exclusively governed by circulation requirements, and that balances due by one country to another are never paid, unless to a mere fractional extent, in specie.

The fact is that these permanent excesses of imports over exports, or *vice versâ*, consist of non-mercantile operations which are not repayable. They consist of national loans (repayable at indefinite periods, but scarcely ever repaid), of investments in foreign undertakings, of interest and dividends on such loans and investments, of subsidies to allies (less in fashion now than formerly), of war indemnities (that of France to Germany in 1871 to wit), ocean freight earnings, and other similar disbursements which are outside of, and in addition to, ordinary commercial interchanges.

"How," the Protectionists ask, "can a nation go on buying more than it sells without at last (like a spendthrift who lives beyond his income) becoming utterly ruined?" The answer is simply that no country ever does buy more than it sells, or ever does sell more than it buys. The trade of a country consists of the aggregate operations of individual traders, which are always equal, co-ordinate, and self-balancing; and which necessitate to a mathematical certainty (with the exception of bad debts) an import as a counterpart to every export, and *vice versâ*. As we have already shown, all commerce is direct or indirect barter. Whatever a country permanently exports beyond what it imports, it gets no return for; whatever it permanently imports beyond what it exports, it gives no return for. Such excess goes either to liquidate old international debts or to contract new ones. Whatever is brought into a country over and above what is sent out from it is either a payment or a loan. If a payment, it is

retained for ever; if a loan, it will be retained till repaid at some future indefinite period. Of the rare and exceptional case of a nation paying off its foreign indebtedness, we shall treat elsewhere, but it does not invalidate the general principle that a permanent excess of imports over exports is not paid for, and must, therefore, far from impoverishing the country, add to its present wealth if the excess represents a loan; or to its permanent wealth if it represents a payment.

How it comes to pass that this excess of imports or of exports takes place, we have already in great measure explained. Beside the normal commercial profits which naturally contribute to make what comes in of greater value than what goes out, wealthy nations which have lent money to foreign states, or otherwise invested money in foreign countries, have annually to receive large amounts for dividends on those loans and investments. These amounts are periodically remitted to them in goods (not in specie), which figure in their statistical returns as excess of imports. Let us take the case of England. She has yearly to receive about £60,000,000 from abroad for interest on foreign investments. She has also to receive some £40,000,000 to £50,000,000 more for ocean freight (gross) and charges, because two-thirds of the entire ocean-carrying trade of the world is conducted by her mercantile navy. Now, since England has to receive about £100,000,000 per annum from abroad in goods, for which, as they constitute a payment to her, and not a sale, she has to make no return, it is clear that these will figure

in the English Board of Trade returns as imports without any corresponding amount of exports. They will appear as an excess of imports over exports to the extent of £100,000,000. But how can receiving £100,000,000 a year, and keeping it without making any return, be either a cause or a symptom of impoverishment? By what peculiar twist of the mind can this be made the subject of regret or alarm? At all events, this excess of imports must continue, and probably increase, as long as England possesses both an annual income from abroad and the ocean-carrying trade. Even if England were to double or treble her yearly exports, her imports must of necessity continue ahead of them by that £100,000,000, or probably more.

The converse applies to over-exporting countries; their excess of exports generally represents the amount which they have to pay to the world, as borrowers, for annual interest, &c. The fact, in brief, is that all lending nations must necessarily import in excess of their exports, and all borrowing nations must export in excess of their imports; and the alarm which some feel at our over-importations should be converted into exultation at the wealth which they imply, and to which they minister. To sum up, the truth is that THE WEALTHIER A NATION IS, THE GREATER WILL BE THE PERMANENT EXCESS OF HER IMPORTS OVER HER EXPORTS; AND A PERMANENT EXCESS OF EXPORTS IS A SURE SIGN OF INDEBTEDNESS.

4. *It is false that imports and exports balance*

each other, since many countries import more than they export, and vice versâ. Why it is that some countries over-import and others over-export, we have just explained. But if we leave out those exports which are sent to pay a previous debt or to create a new one, we shall find that all other exports are balanced by corresponding imports. For, indeed, how otherwise could they possibly be paid? That they are not paid for in specie, we have seen; so that, if they are ever paid for at all, it must be in kind. All commercial transactions resolve themselves, directly or indirectly, into interchanges of commodities; so that, as we have said before, all commerce is barter; and there can (loan and investment payments excluded) be no import without an export to same amount, and *vice versâ.* Every purchase implies a corresponding sale.

It must be borne in mind that in speaking of the imports or the exports of a country we of course mean the total imports or the total exports of that country from, and to, the world at large, and not those from or to any one particular other country. Some have misapprehended this, and have applied what had reference to the total foreign trade of a country to the special trade between that and a single other country. The aggregate commercial imports and exports of each country must, as we have seen (that is, debt-payments excepted), balance each other, but it does not at all follow that the separate dealings between two individual countries will show a similar result. Over-imports from countries A, B, &c., will be counterpoised by over-exports to countries C, D, &c., and, in the

aggregate, one will make up for the other, and the equilibrium between the total commercial imports and total commercial exports of each country will be maintained. To sum up, the truth is that FOR EVERY EXPORT OF GOODS TO THE WORLD AT LARGE, EXCEPT WHAT IS SENT TO PAY A PREVIOUS DEBT, OR TO CREATE A NEW ONE, THERE MUST BE AN IMPORT OF GOODS FROM THE WORLD AT LARGE TO THE SAME AMOUNT, AND VICE VERSÂ.

5. *Protection promotes native industry by providing fresh channels for the employment of native labour.* It would be well if this were all, but truth requires the addition of the following words: "It at the same time destroys more of the old channels for the employment of native labour than it provides new." Such is the fact, and in its suppression lies the fallacy. Ceasing to import foreign goods means ceasing to export those native goods which were sent in exchange for the former, and throwing the producers of such native goods out of work. A country that adopts the Protective system ceases to import, and produces for itself, certain articles which we may call X Y Z, and thus capital and labour acquire "fresh channels for employment." So far, so good; but this good inseparably brings with it an evil that far more than counterbalances it. When the nation in question imported the articles X Y Z, it exported in exchange for them other articles of native manufacture which we may call A B C. But when the nation ceased importing the former, it necessarily (for imports and exports are, as we have seen, correlative) ceased exporting the

latter. What is the consequence? The articles A B C are no longer produced, or are produced in diminished quantity, and the capital and labour which produced them remain idle. The capital may afford to wait; but what of the labour-sellers who are thrown out of work? Instead of "native industry" being "promoted" it is "the old channels for employment" that are "destroyed."

Eventually, the displacement is partially remedied by the absorption of the disorganised capital and labour into the new industry. But is the change which has been effected through this displacement a benefit? Certainly not. Quite the contrary. The advantages which the division of labour confers have been set aside. The capital and labour which were employed in the production of articles A B C, with which the foreign producer could not compete, are now diverted to the production of articles X Y Z which cannot compete (else, why protective duties?) with the production of foreigners. In other words, men are taken away from what they can do better than others can, and set to work on what others can do better than they can. The capital and labour which used to be employed remuneratively are now producing a loss which has to be made up by a public subvention in the shape of an import tax.

If, instead of taking the instance of a nation that is adopting the Protective system, we take that of a protected nation that is adopting Free Trade, we arrive at analogous results. Such nation, by abolishing the import duties on certain articles X Y Z, imports them from abroad, where they are

cheaper, and discontinues their production at home. Thus capital and labour lose some of their old channels of employment. But let us look at the other side. Now that this same country imports instead of making the articles X Y Z, it necessarily exports in exchange for them (for every increase of imports necessitates a proportionate increase of exports) other articles of native production, which we may call A B C, and thus fresh channels of employment are created. The capital, fixed and floating, and the labour, which have become disused by ceasing to produce the articles X Y Z, are utilised in producing the articles A B C, for which an export demand is created by the importation of the articles X Y Z. And now let us inquire—Is the change which has been effected through this displacement a benefit? Yes! and a very decided one. The same capital and labour that was before unprofitably employed in producing the protected articles X Y Z, which the foreigner could produce cheaper or better, are now profitably employed in producing the articles A B C, which suit the foreigner's market, and which he readily takes in exchange for his own. Hence the capital and labour which used to be devoted to losing are now devoted to remunerative industries, the consumers enjoy the benefit of cheap goods instead of dear ones, the division of labour is effectually carried out, and a great impulse is given to foreign trade. In this way the producer gains, the consumer gains, the national wealth is increased, and the general commerce of the country is extended.

The fresh industries which Protection creates

are created at the expense of the staple old industries which Protection curtails. The former can only exist by taxing the entire community; the latter were self-supporting. A country cannot at the same time cease importing foreign articles, and go on exporting the native articles which used to be sent in exchange for them. Free Trade says, "Go on exporting the cheap native article and importing the cheap foreign one." Protection says, "Leave off producing the native article which you produce so cheaply, and turn to producing the foreign article which you can only produce at a high price, and the law will compel the consumers to pay you that extra price by laying a heavy import duty on the cheap foreign article." Were the principle of opening new losing industries at the expense of old profitable ones fully carried out, England might create a fresh industry by producing her own wines, and thus being independent of France; France, by producing her own cotton, and thus being independent of America; Germany, by producing her own silk, and thus being independent of China, &c., &c. The absurdity of such a policy is palpable, but the absurdity is equally positive, though not so palpable, in every case wherein nations discourage the industries for which they are best adapted in order to create others for which they are less fitted.

Protection, therefore, does not promote native industry, but simply displaces it from a good to a bad position. We have dwelt at some length on this topic because the fallacy of the Protectionist proposition is not immediately obvious, and many

honest inquirers have been temporarily misled by it. The key to its solution is in the fact that just in the proportion that a country curtails its imports, in that same proportion it curtails its exports. To sum up, the truth is that PROTECTION DISCOURAGES NATIVE INDUSTRY, BY CLOSING PROFITABLE CHANNELS FOR ITS EXERCISE AND SUBSTITUTING FOR THEM UNPROFITABLE ONES.

CHAPTER XV.

6. Import Duties on Foreign Goods fall on the Importers. 7. Free Trade supplies Native Industry with Cheap Materials and Cheap Living.

6. *Import duties on foreign goods fall on the foreigner, and are paid by him.* This is absolutely the reverse of the fact, but the assertion has been frequently made, with a jaunty indifference as to its truth, in order to coax the consumer into acquiescence with levying duties on foreign goods. He is told, "Let us lay on, say, 10 per cent. import duty on such or such a foreign article. You will not have to pay it; oh, dear, no! It is the foreigner who will bear it. He will let you have his goods ten per cent. cheaper than you pay now, so that the duty will make no difference to you, and the revenue will be benefited at the expense of the foreigner." Very tempting, but, alas! quite untrue. The foreign producer will not, and cannot, make the reduction. Before the duty is laid on, competition between the foreign pro-

ducers themselves has already reduced the price of the article as low as it could go without trenching on a fair living profit. Such a profit leaves no margin for such a reduction. The imposition of the duty by no means diminishes the amount of labour and capital expended on the production of the article. The foreign producer may, indeed, if the imposition of duty takes him by surprise and he has a large stock, submit to some deduction for the moment. But permanently he must get the old price, or the importing country must do without the article. If the importing country will, however, have the article, it must itself bear the ten per cent. duty which it imposes.

Suppose that England laid an import duty of a penny a pound on raw cotton, does any one for a moment imagine that the price of cotton would thereupon fall a penny a pound in America, so that cotton would stand in to English spinners no more than it did before the duty? Who would have to bear and pay that duty—the American grower or the English consumer? Can there be a doubt as to the reply? Again, if putting a duty on foreign imports makes no difference to the consumers of the importing country, then, of course, neither would taking the duty off make any difference to them. So that, according to this doctrine, if England were to abolish her import duty on tea, the Chinese would get all the benefit, and the English consumers would still pay the same price as before! But as the subject is again referred to under the next head, we will not enlarge upon it here. The

proposition implies that the prices which we now pay for foreign goods are so exorbitant, and leave such extraordinary profits, that they could easily be reduced by the amount of import duties which we might levy on them—which is simply absurd. Of course, some slight and temporary variations in the relative demand and supply might occasion some slight and temporary variations in prices, but they would be both trifling and transient. To sum up, the truth is that IMPORT DUTIES ON FOREIGN GOODS FALL ON THE CONSUMERS OF THE IMPORTING COUNTRY, AND ARE PAID BY THEM.

7. *Under Free Trade native industry is taxed, while foreign industry is not.* If it were possible for a nation to tax foreign industry, it is most wonderful that such a scheme, which would shift the unpleasant burden of taxation from our own to other people's shoulders, should not be universally resorted to. Why should the native be taxed at all, if the necessary taxes can be levied on the foreigner? What are statesmen about that they do not raise the entire revenue of the country by taxing foreign industry? The fact is that to tax foreign industry is a sheer impossibility, and to fancy that it can be done is one of those delusions which only exist as long as they escape examination. "Oh! but it is possible," interposes a Protectionist; "it is done every day. The United States of America tax foreign industry through their import duties on foreign goods, and in 1880 they levied from this source a revenue of $186,000,000, equal to £37,000,000." Here then

we join issue. The Protectionist maintains that this enormous amount of Customs' duties levied in the United States on foreign commodities falls upon, and is borne by, the foreign producers; while we maintain that it falls upon, and is borne by, the American consumers. Evidently one of us must be egregiously wrong. The question is narrowed to a very simple issue, and there ought to be no difficulty in solving it. Let us look into it carefully, and, to avoid complexity, let us take some average article as a type of the rest. In 1880 the United States imported, chiefly from England, cotton manufactured goods to the value of $25,723,000 (£5,200,000), on which the Customs' duties levied on admission at American ports amounted to $9,976,000 (nearly £2,000,000), which is equivalent to an average import duty of 38½ per cent. *ad valorem* on the amount imported.

Now, then, comes the question, who pays that £2,000,000 of duty? If the Protectionist is right, the American consumers do not pay it, but only pay the £5,200,000 which is the current value of the goods imported at their place of production, *plus* the freight. The £2,000,000 of duties "constitute a tax on British industry, and are paid by the British producer." The latter consequently only receives £3,200,000 in net payment for goods of which the current value in Lancashire is £5,200,000. He is actually content to accept in America £3,200,000 for what he can get £5,200,000 for elsewhere. This is the Protectionist view. Does it accord with common sense? Merely to state it clearly is a refutation. Do English manufacturers

make two prices—one for the general market, and another, 38½ per cent. cheaper, for the American market? Or are their profits so enormous that they can allow a discount of 38½ per cent. to the American buyers, and still make sufficient profit to induce them to continue the trade year after year?

Let us take another article. In 1880 the United States imported pig iron to the value of $11,619,000 (£2,300,000), on which the Customs' duties amounted to $4,318,000 (£863,000), equivalent to a duty of 36½ per cent. *ad valorem.* Can any one for a moment imagine that our iron-masters could afford to supply the American market at prices 36½ per cent. below those current at home, and would go on doing so year after year? It is patent to all who have any knowledge of trade (1) that the average profits on all our large staple commodities are kept within very moderate limits by the pressure of competition, and (2) that, as a rule, those markets which do not afford that moderate margin of profits cease to be resorted to. But that the producers of such articles will continue to send them to a market where they can only get within 36 or 38 per cent. of what they get elsewhere is an assertion which, although it may possibly be believed by the assertors themselves, is quite too heavy a demand on average human credulity.

The instances which we have quoted fairly represent the entire list of the dutiable articles imported by the United States of America. We could easily find instances far more striking. For

instance, steel rails are not admitted into America under a duty of 90 per cent. *ad valorem;* so that, on the assumption that import duties "constitute a tax on the foreign producers only and are paid wholly by them," the British steel producers are content for every hundred pounds' worth that they send out to receive back only £10! On that assumption, was it generosity or foolishness that induced them to send out to America in 1880, on terms equivalent to giving them away, a quantity of steel rails of no less an amount than $1,644,000? If iron be as cheap in America as it is here—as it ought to be, barring a trifle of freight, if the Protectionist assumption be correct—why have the American ship-building industry and their ocean-carrying trade collapsed?

But it is, perhaps, needless to multiply proofs, and we think that all our readers will by this time agree that the Protectionist doctrine is erroneous, and that, beyond all doubt, import duties on foreign goods are borne by the consumers in the importing nation.

To revert, however, to the £5,200,000 worth of English cotton goods imported into America in 1880, on which an import duty of £2,000,000 had to be paid, it is perfectly clear that those goods were not sent to America to make a loss of £2,000,000, but they were sent because the current prices ruling in America for such goods made it probable that they would realise there an amount sufficient to cover (1) the cost, (2) the duty levied on them in America, (3) the freight and charges, and (4) an average trade profit. Otherwise, where

are the madmen to be found who would, year after year, send out that amount of goods to bear a large amount of loss? The trade would not be carried on at all unless the American consumers paid for those goods at least £7,700,000; viz.:—

£5,200,000 for the cost of the goods in England.
2,000,000 paid for import duty to the Customs in America.
500,000 (at least) freight, charges, and profits.

£7,700,000

At anything less than that the goods would leave no profit, and a trade that leaves no profit quickly dies out. The same process of reasoning applies to all cases, and to all countries, in which an import duty is levied on foreign commodities. The duty is paid, not by the producers in the exporting countries, but by the consumers in the importing country.

It is clear that the American producers of that class of cotton goods which we above referred to as imported from England were unable to produce them for less than £7,700,000; or else why should the American consumers have paid, as they must have paid, that amount for British goods? Hence it follows that if, from any cause, such importation of those British goods were to cease, the American consumers would still have to pay £7,700,000 for them to the native manufacturer, while the United States Government would lose the £2,000,000 per annum which it now receives for import duties. In other words, the American consumers who now pay for those goods £5,700,000 cost and freight, and £2,000,000 duty to their Government, would

then pay the whole of the £7,700,000 to the native manufacturers. Nor would these benefit much out of the £2,000,000 thus lost to the revenue. They would increase their sales by £7,700,000 annually, on which, assuming their net profits to be 6 per cent., they would realise £460,000, leaving £1,540,000 (or three-fourths of the £2,000,000 duties lost to the revenue) as a dead loss, owing to capital and labour being diverted to losing trades which the consumer is taxed to maintain.

In all countries which impose import duties on foreign merchandise these duties will assume one of three forms. These three forms are (1) purely revenue duties, (2) protective duties, and (3) prohibitory duties. Now, (1) pure revenue duties are those which are levied on such commodities as are not produced at home, but are wholly imported from abroad; as well as upon such commodities as are partly produced at home, but on which the native producers pay precisely the same percentage of internal or Excise taxation as the foreign importation does of import duties. In these cases, whatever the consumers pay extra in consequence of those duties goes, in its entirety, to the revenue. (2) Protective duties are those levied on such commodities as are partly produced (free) at home, and partly imported (under duty) from abroad. In these cases, whatever the consumers pay extra in consequence of the duties goes in part to the revenue and in part to the native producers, who could not withstand foreign competition were it not for the tax so paid by the consumers. (3) Prohibitory duties are those which are too high to allow

of importations from abroad, and leave the consumers entirely at the mercy of the native producers. In this latter case, the revenue gets nothing, and whatever the consumer pays extra for the prohibited commodities goes entirely to the native producer, who could not withstand foreign competition were it not for the tax so paid by the consumers. In none of these cases do the foreign producers bear any part of the import duty. It falls entirely on the native consumers. In the first of these cases, the whole of the extra price which the consumers pay in consequence of the import duties goes to their own Government, and relieves them to that extent from other taxes. In the second case a part, and in the third case the whole, of such extra charge to the consumers goes to cover the losses of the protected producers. From such portions, therefore, of that extra charge the national revenue derives no benefit, and the deficiency has to be made up by some other tax in some other form on the poor consumers, who thus have to pay two taxes instead of one.

Some, in reply, have said, "Admitted that heavy import duties are borne by the importing country, but a small duty is a different thing; the foreigner will lower his price to that extent sooner than lose his market." The answer is easy. Say that you tax a foreign article A, 1 per cent. The foreign producer will certainly not lower his price as long as you continue to take from him the same quantity of that article A as you did before. Price is regulated by relative supply and demand. If

that relation remains unaltered, the price will also remain unaltered. The only chance of buying that article cheaper would be to sensibly diminish your purchases of it from the foreigner. But to do so, and yet meet the consumptive demand, you must to the same extent increase the native production of that article. Now, at the price hitherto current, the native producer has produced all that he could produce at a profit, and he can be stimulated to increase his production only by being paid an increased price. But the proposition stipulates that the price to the consumer is to remain the same. How are these two incompatibilities to be adjusted? By what process is the native producer to get a higher price for his article A, and yet, at the same time, is the price of it to the consumer to remain the same? If the native producer does not get that higher price, he can produce no larger quantity than he did before; you will take from the foreigner the same quantity as you did before; in which case, as the relative supply and demand will remain unaltered, he will obtain from you the same price as he did before, and the 1 per cent. duty will, against your proposition, fall upon the consumer.

If the consumer does pay the 1 per cent. duty, it then becomes a common case of Protection to that extent. The native is enabled to produce a little more than he did; the foreigner will supply a little less than he did; your exportation of other articles will diminish a little; the consumer will have to pay a little more than he did; and, generally, the same effects will take place, though

on a small scale, as though the import duty, instead of 1 per cent., were 10 per cent. or 40 per cent. In every case, import duties, whether they be small or whether they be large, will equally fall upon the consumers.

"You will, however, grant," says a Protectionist, "that if not the whole, at least some part of the import duty is paid by the foreigner." We regret that truth will not allow us to be so complaisant. The average profits made in a regular trade between two countries are, as a rule, kept down by competition to a certain level, below which the trade would not be continued. Under the additional burden of an import duty, that trade would first droop and soon die, unless prices rose in the importing country so as to cover the import duty. No merchant (unless for a short time and as a mere experiment) will go on employing his capital in a trade which does not yield him the average profits which capital earns in other channels. Now, if prices rise in the importing country so as to cover the duty, and thus allow the trade to continue, it clearly must be at the expense of the importing consumers, and not of the foreign traders.

But Free Trade is blamed not only for not taxing foreign industry, which we have shown to be impossible, but also for taxing native industry. This is a totally unfounded accusation. Not only it is false that Free Trade specially taxes native industry, but, on the contrary, Free Trade assists and promotes it in the most effective manner. Both these assertions we will in a few words make good. It is obvious that Free Trade imposes no special

tax on native industry. All members of a community, whether under Free Trade or Protection, are subject to the general taxation deemed necessary to defray the Government expenditure, and they are liable to exactly the same burdens under both systems. This we think clear and incontrovertible. Now, on the other hand, Free Trade greatly assists and fosters native industry by supplying it with all the foreign materials which it needs to work with, or to work upon, at the cheapest possible cost, and unburdened by any import duties whatever. It at the same time lessens the cost of living, and increases the comforts obtainable for the same expenditure.

It is hardly possible to over-estimate the enormous advantages which this cheapness confers on, or the strong stimulus which it affords to, native industries. The cheap products of such industries will, of course, find a vent in all neutral markets, since the dear products of protected countries cannot possibly compete with them. Where the materials on which productive industry is exercised are enhanced in cost by protective import duties, it is impossible that the product should not be enhanced in cost in the same proportion. But the cheapness arising from untaxed materials not only fosters a demand from abroad, but also lessens the cost to the native consumers, and the benefit is thus twofold. It is, therefore, abundantly clear that native industry is largely promoted and developed by having, as a consequence of Free Trade, cheap untaxed materials to work with and to work upon. If the United

States had had cheap untaxed iron, they would not have lost their valuable share of the ocean-carrying trade.

We must apologise for devoting so much time to the refutation of a fallacy so easy to refute; but this we thought necessary from the frequency of the allegation, and from the number of honest-minded men who, not having a ready answer, have been mystified by it. To sum up, the truth is that FREE TRADE TAXES NO INDUSTRY, WHETHER NATIVE OR FOREIGN; BUT, AMONG OTHER ADVANTAGES, IT GREATLY FOSTERS NATIVE INDUSTRY, BY AFFORDING IT CHEAP, UNTAXED MATERIALS WHEREWITH AND WHEREON TO WORK, AND BY ALLOWING IT TO FLOW IN ITS NATURAL AND MOST PROFITABLE CHANNELS.

CHAPTER XVI.

8. Wages highest where most Wealth is Created. 9. Protection frustrates Division of Labour. 10. If Protected Nations prosper, it is in spite of, not because of, Protection.

8. *If the labour-seller in protected countries pays more for what he consumes, on the other hand his wages are proportionately higher.* It does not at all follow. The present average rate of wages in Free Trade England, now that everything is cheap, is at least 50 per cent. higher than it was formerly in protected England, when everything was dear. Indeed, if the statement that heads this paragraph be correct, how comes it that our Protectionist

friends so persistently warn us that we are being, or are going to be, undersold by our foreign competitors in consequence of the lower rate of wages and the longer hours of labour that prevail abroad? How is it that they so loudly call on Government to protect the British workman by import duties, to prevent him from being reduced to the low wages and long hours of his protected continental fellow-workmen? Here is surely a curious contradiction. Wages in protected countries cannot be at the same time higher and lower than they are here. If higher, what need is there to protect the British labour-seller against his higher-paid foreign competitor? If lower, then Protection in foreign countries, while it enhances the cost of living, does not enhance the rate of wages. How are these utter discordances to be resolved? This is how it is done. Division of labour is resorted to. One set of the Protectionist party uses statement No. 1, and another set uses statement No. 2. There is the "higher wages abroad" division and the "lower wages abroad" division. If the one fails to convince you, you are handed over to the other, who proceeds on a diametrically opposite tack; and it will go hard if, between the two, you can help being, if not convinced, at least mystified.

The fact is that the money rate of wages does not depend (except when it is at the famine level) on the cost of living, but on the relative demand for, and supply of, labour. Wages are higher than with us in protected America, and lower than with us in the protected continental States of Europe.

It is where there is abundance of cheap capital, as in England, or abundance of cheap land, as in America and Australia, that there will be the greatest demand, and consequently the highest remuneration, for labour. Capital is the fund out of which the wages of labour are paid, and the larger that fund, compared with the number of labour-sellers, the higher will be the rate of wages. The increase of that fund depends on increased production, and there are no more powerful agencies in the production of wealth than free commercial intercourse, general and international division of labour, and such an application of capital and labour as will produce a *maximum* result. To sum up, the truth is that WAGES ARE NOT REGULATED (EXCEPT AT STARVATION POINT) BY THE COST OF LIVING, BUT BY THE GREATER OR LESSER DEMAND FOR LABOUR, WHICH IS GREATEST WHERE WEALTH IS MOST RAPIDLY CREATED.

9. *Protection promotes diversity of industries in the protected country.* So much the worse. It is a matter of regret, not of boast. The greater the diversity of industries in a given locality, the less scope there is for division of labour. This fertilising and wealth-creating principle is crippled in proportion to the smallness of its sphere of operations. By whatever it is short of being international and world-pervading, by so much is its efficacy impaired. It is merely sectional and intranational in those countries where great diversification of industries prevails. Nowhere does the diversity of industries exist in a higher degree than among the Pitcairn islanders, unless it might have

been among the country people of the olden times, when each family raised its own food and spun its own garments.

No doubt Protection does promote sectional diversity of industries, since it discourages commercial interchanges between nation and nation. If it were possible for each country to have within itself such a diversity or universality of industries as that all its wants could be supplied by native capital and labour, there would at once be an end to all foreign commerce; for as all countries would have their needs supplied out of their own resources and exertions, no one of them would take anything from the other, and, of course, no one of them would raise or produce anything beyond its own wants, since there would be no outlet for such surplus. The more perfect the system of self-sufficing diversity of industries, the more complete would be the isolation. It has not been the fault of man's fiscal enactments that this complete isolation is not attained; it has been the fault of nature's laws. Not only does each nation want something which other countries can, but which itself cannot, produce, but each nation has through its aptitudes, natural or acquired, certain surplus productions for which it desires to find a vent, and for which it must—positively and inevitably must—take in exchange the products of other nations.

Suppose, for instance, a country A, blest with a fertile soil, with a genial climate, and with land, abundant and cheap, cultivated by an energetic and industrious race of men; the result will be the production of agricultural commodities far in excess

of the requirements of that country itself. If for that surplus produce the producers find a vent in the other countries of the world, they will have to take in payment for it the world's commodities of other kinds; for there is no other mode of payment. But if country A, in its determination to be self-sufficing, were totally to prohibit the admission of any foreign goods whatever, its surplus of food productions could not be sent abroad at all, since nothing foreign was admitted in exchange for it. Its vent would be confined to the home demand, and the production would have to be cut down to the limit of that demand. The diversity of industries fostered by the self-sufficing system would exercise a blighting and fatal influence on the great staple industry of that country.

If this diversity of industries is promoted by Protection, it would be still far more completely promoted by total prohibition. Indeed, it would be yet farther promoted by cutting up the country into small districts, each to supply its own wants by its own industries. In this case, each little community would have its occupations diversified to the fullest extent, and the division of labour would be effectively impeded. The antagonism between the diversification of industries and the divison of labour may be exemplified thus:—If 3,000 men be set to produce pins, needles, and thread, the former system diversifies the industries by setting each man to produce as many pins, as many needles, and as much thread as he can, by his separate and individual efforts, produce in a given time; whereas the division of labour sets 1,000 of these men con-

jointly to produce nothing but pins, 1,000 to produce nothing but needles, and the remaining 1,000 to produce nothing but thread. By which of these two processes will the greatest quantity of pins, needles, and thread be produced within that given time? Can any one doubt the result? Will it not be 100,000 to 1 in favour of the latter? If the greatest possible diversification of industries be right, then the division of labour must be a mistake, and we must go back to the good old times when each family combined within itself a diversity of industries, raised its own food, spun its own clothes, and reared its own hovel.

Under a system of perfect freedom of commercial intercourse between country and country there would be such a distribution of industries as was consonant with the aptitudes, natural or incidental, peculiar to each country, and on these the productive energies of each country would be concentrated. The total productiveness of each would be enormously greater, although there would be a smaller diversity in the species of articles produced.

Nature says, "Devote your efforts to producing abundantly those things which you can produce best." Protection says, "Produce a little of everything, whether they be things which you are most fitted, or things that you are least fitted, to prodiscover and promptly adopt those industries from duce." Left to themselves, capital and labour easily which they derive the most productive results, and the diversity of industries which they thus naturally attain furnishes them with ample remunerative employment. On the other hand, Protection diverts

them, to a greater or lesser extent, from that profitable employment, to other industries which can only flourish by the imposition of a tax on the community at large; and to that extent, while the diversity of industries is enlarged, the wealth of the country is diminished. All diversification of industries which goes beyond its natural boundary, and which, instead of being the result of the regular course of things, is artificially extended by State ordinances, is an encroachment on the division of labour, and therefore an evil. To sum up, the truth is that PROTECTION FRUSTRATES THE DIVISION OF LABOUR BY ARTIFICIALLY LOCALISING THE GREATEST POSSIBLE DIVERSITY OF INDUSTRIES WITHIN LIMITED AREAS, WITHOUT REGARD TO THEIR NATURAL DISTRIBUTION.

10. *Some protected nations are prosperous, therefore Protection is a benefit.* In this sentence, the word "therefore" is entirely out of place. It involves a *non sequitur*. It might just as well be said that whereas some ignorant persons are clever, therefore ignorance is a benefit. We hold, on the contrary, that those protected nations which are prosperous are prosperous not because of, but in spite of, Protection—just as we hold that the ignorant persons who are clever, are clever not because of, but in spite of, their ignorance. No doubt, protected nations may and do attain a certain degree of prosperity in spite of Protection, for its evil influence only stunts without destroying their productive power. What we contend is, that they would be far more prosperous if they adopted Free Trade. We have never said that protected nations

accumulate no wealth, but simply that they would accumulate it much faster if they abandoned the protective system. If a property being badly managed yields an income of £1,000 per annum, whereas under good management it would yield £1,500, it does not follow that the owner is utterly ruined by his bad management, but it does follow that, through it, his income is £500 per annum less than it might be. Neither does it follow that, because a badly-managed property yields a comfortable income, "therefore bad management is a benefit." The owner is prosperous not because of, but in spite of, his bad management. By adopting a better system, he might add 50 per cent. to his income.

The mere fact of a nation's comparative prosperity is surely no bar to improvements that may render that nation more prosperous still. It will be time enough to scout improvements and arrest progress, when we have reached (if ever we shall reach) the extreme limits of human perfectibility. Till then it is irrational to say, "We are prospering, and we therefore decline entertaining any scheme for the increase of our prosperity." To allege that the Free Trade scheme will not conduce to such increase of prosperity, affords a fair and legitimate subject for discussion. We contend that it will, and have adduced our reasons for coming to that conclusion. But to contend that Free Trade is an evil merely because a certain amount of prosperity has attended the opposite system, is an obviously inconclusive inference, since it does not exclude the probability that a much greater amount of prosperity

might have attended the Free Trade system; in which case, Free Trade would have been a benefit. No argument against Free Trade is deducible from such a style of reasoning. Nations progressed at a certain rate before the application of steam to locomotion by sea or land, but after that improvement the rate of their progress was greatly accelerated. So do we say that nations may prosper to a certain extent before the application of Free Trade to their international relations, but that when so applied that prosperity will increase in a greatly accelerated ratio.

The Protectionist proposition is a mere statement of opinion, unaccompanied by any proof, and therefore our contradiction of it must partake of similar vagueness. The truth or fallacy of either opinion must be reasoned out on other grounds. Indeed, the issues raised have been fully discussed by us in other shapes. Mere assertion can only be met by counter-assertion, and therefore, to sum up, the truth is that SOME PROTECTED NATIONS ARE PROSPEROUS; BUT THEY WOULD BE FAR MORE PROSPEROUS STILL UNDER FREE TRADE; THEREFORE PROTECTION IS AN EVIL.

CHAPTER XVII.

1. As to dependence on foreigners—12. Free Trade a boon to a nation, whether others adopt it or not—13. As knowledge spreads so will Free Trade.

11. *Protection renders a country independent of foreigners.* This is only another form of that principle of isolation which, if fully carried out,

would convert the various nations of the world into so many hostile tribes. In what possible way could mankind be benefited if each country were really to be commercially independent of every other? The evils and privations which all would suffer from such mutual estrangement are too obvious to require pointing out, but what would be the counterbalancing advantages? We can see but this solitary one—that, in case of war, the country that had no commercial intercourse with other countries would be free from any inconvenience that might be caused by hostile interference with such intercourse. This might, perhaps, have some weight if every nation were perpetually at war with every other nation. But such a state of things never did and never could exist. Even under the present very imperfect system of international relations, wars are only occasional, and are never universal. Where, then, is the wisdom of a nation voluntarily inflicting on itself for all time the evils and inconveniences of isolation merely to avoid their possible temporary infliction by an enemy in case of war at some future uncertain period? It is thus that the coward commits suicide from fear of death. Is a man to deny himself all present enjoyments because he may some day or other be deprived of them by illness or misfortune? Are you never to carry about you in the streets a watch, or a purse, or a handkerchief, because it is possible that, sooner or later, they may be purloined by a pickpocket? If the mere fear of some future war is to divest us for ever of the benefits of commercial intercourse with other nations, it is one more to be added to the

long train of evils which the war system inflicts on mankind.

Moreover, it is to be noted that full and free commercial intercourse does not imply the dependence of one country on the rest—it implies the mutual and equal interdependence upon each other of all countries. Interchanges presuppose benefit to both parties, or they would not be entered into. In the same way, the interruption which war would cause to such interchanges would prove equally injurious to both parties—to one just as much as to the other. The stronger the ties of mutual interest and the more numerous the points of pleasant and profitable contact, the greater will be the interdependence of nations upon each other. But that mutual interdependence does not place any one of them at special disadvantage as compared with the rest. If there be any disadvantage when war supervenes, it will be common to all. They will occupy in this respect the same relative positions which they would have occupied if they all had, during the time that they were at peace, deprived themselves of the advantages of foreign trade. It is true that the more nations are knit together by the ties of mutual interest, the greater will be the reluctance to break through them, and the more they will each of them lose by substituting hostile collision for peaceful commerce. But the reluctance will be felt, and the loss will be shared alike by all of them.

If there be a shade of difference between them, it may perhaps consist in this. The more largely and closely a nation is in connection with the rest

of the world, the more independent will that nation be, supposing that its foreign commerce were partially disturbed by war with one or more other countries. That commerce would still continue, and would be carried on partly through its old and partly through fresh channels. What articles it might no longer procure from its enemies would, through its organised intercourse with neutrals, be abundantly poured in by the latter. Either from them or through them its wants would be supplied; and either by them or through them its productions would be taken in exchange.

In reference to this subject, we may quote a speech delivered by Macaulay in 1842. In answer to the argument that England ought only casually to be dependent on other countries for food supply, he said that he "preferred constant to casual dependence, for constant dependence became mutual dependence. . . . As to war interrupting our supplies, a striking instance of the fallacy of that assumption was furnished in 1810, during the height of the continental system, when all Europe was against us, directed by a chief who sought to destroy us through our trade and commerce. In that year (1810) there were 1,600,000 quarters of corn imported, one-half of which came from France itself." Napoleon's Berlin decrees were far more oppressive and intolerable to the continental nations from which they nominally emanated than they were to England, against whom they were directed.

Thus that "independence of foreigners," on which Protectionists lay such stress, is a privilege

acquired at an immense sacrifice of annual wealth, and which, when war supervenes to test its value, is found to be worthless. To secure it we are, according to this doctrine, to do without foreign trade during peace in order to teach us to do without it during war. We are to forego it when we can reap its benefits in order to inure us to the privation when we cannot. To sum up, the truth is that INDEPENDENCE OF FOREIGNERS REALLY MEANS COMMERCIAL ISOLATION, WHICH NULLIFIES INTERNATIONAL DIVISION OF LABOUR, DISCOURAGES PRODUCTION, AND FOMENTS A HOSTILE SPIRIT AMONG NATIONS.

12. *Free Trade would be a special boon to England if all nations adopted it; but till then it is a disadvantage to that country.* We maintain, on the contrary, (1) that if all nations adopted Free Trade it would be, not a special boon to England, but a general and equal boon to all mankind; and (2) that meanwhile, till other nations adopt Free Trade, it is a special boon to England. Let us examine these propositions.

(1) Free Trade simply means unrestricted, and therefore far more frequent and extensive, commercial interchanges than exist at present, between the various populations that tenant this globe of ours. Now, all such interchanges, whether they be few or many, are quite voluntary. None need either buy or sell unless he reaps, or hopes to reap, some benefit from the transaction. Self-interest guides both parties in every commercial dealing. Both expect and believe that they are gainers by it. To forbid, or to curtail, or to discourage com-

mercial interchanges is to deprive both the parties (not one of them only) of the advantages which they would, if let alone, reap from them. To remove all impediments to such interchanges between the people of all countries, and to leave to the parties dealing together full and free scope for their operations, is to allow both these parties (not one of them only) to reap the advantages which such operations afford. How, then, can this latter policy be said to be a special boon to any one country? We know that such a notion does exist, but it is none the less an absurd, misleading, and pernicious error. England can only share with other nations, and not one jot more than other nations, the benefits which these extended interchanges would confer.

It may be said that, if Free Trade were universally adopted, England would export more goods to the world at large. Very true; but the world at large would at the same time export more goods to England. For what could England take in return for her increased exports? Gold? Certainly not. It has been demonstrated over and over again that specie only migrates from country to country in homœopathic quantities as compared with the amount of commercial dealings. It would be goods, then, that England would take in exchange. In that case the foreign producers, sellers, and exporters of those goods would reap at least as much profit from them as the English would from the goods for which they would be exchanged. Where is the special boon to England? A policy by which all parties benefit

equally is a universal boon to all—not a special boon to any one of them.

(2) While other nations are debarring themselves from the advantages of Free Trade, those advantages are being specially enjoyed by us Englishmen. From a number of such advantages thus accruing to us, we shall content ourselves with specifying three. (*a*) Cheapness of living to our people, who, while they earn higher wages than their continental comrades, have their wants supplied at a cheaper rate. (*b*) Cheapness of production; for as all the materials which we work upon or work with come to us untaxed, we can undersell our rivals in neutral markets, and thus secure all but a monopoly in these. (*c*) Cheapness in naval construction and equipment, which gives to us almost another monopoly of the lucrative ocean-carrying trade. Lack of space prevents us from detailing the numerous other direct and indirect advantages which we enjoy through our present monopoly of Free Trade. Indeed, some able men have argued that we derive greater advantages from being the only Free Trade country than we should enjoy if all other nations were also to become Free Traders. While dissenting from this view, it is undeniable that, under the present system of Free Trade here and Protection everywhere else, we have secured an unexampled pre-eminence in international commerce. Our foreign trade (combined imports and exports) now forms no less than one-fourth of the total foreign trade of the world at large. To sum up, the truth is that FREE TRADE WOULD BE A

GENERAL BOON TO ALL NATIONS IF THEY DID ADOPT IT; AND MEANWHILE IT IS A SPECIAL BOON TO ENGLAND, THAT HAS ADOPTED IT.

13. *Other countries are too wise to follow the example of England, and adopt Free Trade.* We submit that for the words "too wise," we ought to substitute "not wise enough." But, indeed, "wisdom" has had little to do with the discussion of the subject abroad. The great bulk of the people composing civilised nations have never studied, never considered, and perhaps hardly ever heard the name of, Free Trade; and yet it is the great bulk of the people who are most interested in it, and to whose welfare it would most conduce. Of the wealthier and more leisured classes, part are the capitalists who have embarked their fortunes in, and identified their interests with, the protected industries, and all their influence is directed against any change; while the rest are, for the most part, indifferent to the subject, absorbed in other pursuits, and averse to trouble themselves with dry questions of political economy. As to the governing classes, they chiefly devote their attention to those topics which more immediately press on them—such as party triumphs or defeats, foreign politics, financial devices, religious contentions, dynastic intrigues, and other matters of statecraft. As to whether the people they govern would prosper better under Free Trade than under Protection, why should they trouble themselves about that, since the people, who are the greatest sufferers, do not move in it? Why should they lose votes, and perhaps power, to

introduce changes which the many whom these changes would benefit do not ask for, and the few whom they would inconvenience loudly cry against?

Nevertheless, from all these various social strata there come forth in every nation a certain number of thoughtful, truth-seeking men who do study the subject, and whom that study has made Free Traders. These men, whose convictions are founded on research, are by no means inactive in promulgating the truth. But they are as yet comparatively few, and their voice only reaches a small part of the multitude whose earnings are being clipped and pared by protective taxes. Gradually and steadily, however, nations are becoming leavened by Free Trade doctrines. A small but increasing number of active politicians in every country are clustering into a compact Free Trade party, and their labours in the cause are entitled to our warmest appreciation and sympathy. They have up-hill work before them. In their endeavours to benefit their countrymen they meet with obloquy on the part of those interested in the abuse which they wish to correct, with indifference on the part of the many whom that abuse injures, and with neglect on the part of the rulers whose policy they wish to influence. All honour to their glorious efforts! This passing tribute is amply due from us Englishmen, who have gone through the struggle, to our brother Free Traders in protective countries who are going through it. That they will succeed in breaking through the barriers of ignorant indifference and

interested opposition, no one who sees how irresistibly the wave of progress is rolling onward throughout the world, can for a moment doubt. To sum up, the truth is that THE MOMENT THE MASS OF THE PEOPLE IN ALL COUNTRIES SHALL BECOME AWARE THAT PROTECTION TAXES THE MANY FOR THE BENEFIT OF THE FEW, FREE TRADE WILL BECOME UNIVERSAL.

14. *England, which alone has adopted Free Trade, has not prospered under it, and is living on her former capital.* Both statements are the reverse of true. As to the first, the marvellous expansion of England's prosperity and wealth within the last thirty years is so notorious, and has been so clearly, amply, and conclusively shown by statistical records, that it is mere waste of time to dwell upon it. The great wonder to us is that any man should be found so blind as not to recognise, or so bold as to deny, the fact. As to the second, the only ground on which the statement is based is the permanent excess of our imports over our exports—a fact which, far from proving, effectually disproves the statement that England "is living on her former capital." For, as we have before put it, how can receiving a hundred millions per annum more from abroad than we send away be a cause of impoverishment? Or, rather, how can it be other than a splendid and continuous accession to our wealth and capital?

It is said that this excess of imports has been partly paid for by the redemption of American Government bonds, and that consequently the indebtedness of the world to England is to that

extent less. Let us examine this assertion. It is quite true that the United States have paid off a portion of their national debt, some of which was held in England; and all honour be to them for it! But how can the creditable liquidation of their debts prove a source of impoverishment and diminution of capital to us? "They now owe us less," is your feeble moan. Why not? How can it be a loss and a grievance to you that a high-minded debtor should take the earliest opportunity of repaying what he owes you? If it be an injury to you to have solvent debtors, then long live the Turks and Egyptians! As regards them, you will ever be free from the nuisance of having the world's indebtedness to you diminished. But how the repayment of a loan can injure a creditor passes conception. Because our Anglo-Saxon brethren in the other hemisphere have repaid a portion of their national debt, does it follow that the aggregate indebtedness of the world to you (on which you lay such stress) has diminished? Not at all. Both in financial circles and on the Stock Exchange (the best and indeed the only authorities on the subject) the verdict is (1) that a larger sum than has been repaid to us by the United States in one form has, during the same period, been invested by us in other American securities, and (2) that, in addition, England has been year by year making fresh loans to and large investments in other countries (chiefly her own colonies). The result is—and it will relieve the fears of our timorous friends to know it—that the present indebtedness to England of the world at large is greater than it has ever

been before. Paying us off is a very rare operation; borrowing from us a very frequent one.

There are also other proofs patent to every one who looks around him that, far from England's living on her capital, that capital is yearly increasing at a rapid rate; for it is accumulating before his eyes. Every year the fixed capital of the country is, visibly and tangibly, receiving a vast accession by the construction of new dwelling-houses, new ships, new factories, new railways, new harbours, new docks, new warehouses, &c., &c., of which the aggregate value is enormous. Every year vast sums are invested in new commercial enterprises, both at home and abroad. Every year our population increases at the rate of about 1,000 a day; while food, clothing, lodging, &c., are more easily and abundantly supplied to them than ever, for pauperism has decreased 19 per cent. since 1870. And it is in the face of these facts that we are told that England is living on her capital! Out of what fund, then, if not from our annual savings (excess of income over expenditure), does the money come to provide these enormous annual additions to our national wealth? To sum up, the truth is that UNDER FREE TRADE ENGLAND HAS ACCUMULATED WEALTH WITH UNPRECEDENTED RAPIDITY, AND IS YEARLY MAKING VERY LARGE ADDITIONS TO HER CAPITAL.

We might indefinitely prolong this list of Protectionist fallacies, but we will rest content with those given as being the most important, the most plausible, and the most frequently used. These once clearly understood, refuted, and put on one

side, with the label "errors for the avoidance of mankind" affixed thereto, the remaining numerous but minute fry of Protectionist mistakes will lose their significance and wither away, as leaves do when the branch that bears them is lopped off. Truth alone is undecaying and eternal.

CHAPTER XVIII.

Why Free Trade is not yet universally adopted—Ignorance and Immorality—Their connection with Poverty.

WE have now said enough to show how grievous an impediment to the process of wealth-creation is that "commercial isolation" which the theory of protection recommends, and which its practice enforces. We do not contend that, by such isolation, production is totally arrested, but only that it is seriously checked—just as we do not contend that grain cannot be threshed by a flail, but only that it will be far more quickly and thoroughly threshed by a machine. But this check to production, arising as it does from the mis-direction (and therefore waste) of human energies, largely curtails the creation, and therefore the distribution among us all, of those "objects of human desire as are obtained or produced by human exertions" which we call wealth. Man's productive energies properly directed, or, what is the same thing, self-directed, achieve their *maximum* results; whereas, when state-directed

their natural aptitudes are ignored, they are set to state-supported, not self-supporting, tasks, and their efficiency is largely impaired. Hence a heavy deficiency in wealth-production, by which the people, and especially the labour-sellers, are the chief sufferers. How it is that this pernicious impediment to wealth-creation is still suffered to exist we have elsewhere explained, but the topic deserves a few further remarks. Why is a removable evil not removed?

The only country, so far, that has substituted Free Trade for Protection is England; and as the experiment has there proved successful beyond all anticipation, it was natural to expect that other countries would follow her example. At present they have not. Why? Certainly not because those men in every country who have studied the subject entertain the least doubt of the truth of Free Trade principles. There is universal *consensus* among the experts. There does not exist a single serious and argumentative work on the other side. Science is unanimous. Now and then there appear a few newspaper articles, speeches, and short, scanty pamphlets, in which political economists are reviled but not refuted; but there is no systematic treatise in which the principles of Protection are explained and demonstrated. Why, then, this practical adherence to exploded errors? Simply because the few protected producers object to have their monopolies disturbed, while the many injured consumers are not sufficiently alive to the fact that these monopolies are maintained at their expense. If the mass of the people did but

know that each family in every protected country is paying a heavy tax to support a vicious system, both the system and the tax would speedily disappear together. Their continued existence depends on that ignorance, and consequent indifference, on the part of the public, which cannot last for ever; and it is only until knowledge shall shed its full light on the subject that, meanwhile, Protectionism prevails.

It is to enlightened democracy that we must look to make an effectual move in the matter. No effort must be spared to rouse the attention of the people in all countries to a subject which is of such material interest to them. If they were asked in an overt manner to hand over a certain portion of their weekly earnings, they would naturally wish to know for what purpose. And if told that it was to help to maintain A. B. and Co.'s silk factory situated ten miles off, because without such help it could not compete with C. D. and Co.'s silk factory situated a thousand miles off, is it likely that the demand would be voluntarily acceded to? As it is, that same portion of their weekly earnings is taken from them for that same purpose, not only without their consent but without their knowledge. It is slily subducted from them in the shape of import duties which compel them to pay enhanced prices for their food, their clothes, and their lodging. Every mouthful they swallow, or every garment they wear, contributes its little driblet towards making up the sum total. Did they but know it, they would strongly object. They ought therefore be made to know it. It must be clearly

shown to them that their money is taken to support A. B. and Co.'s silk factory. At present the system goes on because A. B. and Co. shriek loudly against any change, while the people, in their ignorance, remain silent. Naturally, governments pacify the shriekers and neglect the silent. It was ever thus. Those who, wanting a thing, do not ask for it must not be surprised if they do not get it. But the first step must be for the bulk of the people to know what it is that is wanted.

In every country there is a certain number of thinking men who, having studied the subject, know the truth, and seek to promulgate it. Theirs is a noble task, but to overcome the *vis inertiæ* of ignorance and apathy requires vigorous and prolonged efforts. We call on all thinkers in all countries to co-operate in these efforts. Every one can do something, either by his tongue or by his pen. Each pupil, when he is taught, may in his turn become a teacher, and thus, in the same way that many torches may be lighted at one torch, one mind may be the means of enlightening many; and the truth received may be handed on to others.

Meanwhile, the matter briefly stands thus. The protected class is active and clamorous; the victimised classes (which form the bulk of the nation) are, through ignorance, inert and dumb; and the ruling class sides with the active and clamorous. And that is why the removable evil is not yet removed.

We now proceed to consider the last of the five chief impediments to wealth-creation, of which we had proposed to treat, viz. :—

B5. IGNORANCE AND IMMORALITY. By bracketing these two evils together, we by no means intend to convey the notion that they are inseparable companions. Far from it. Of the ignorant, it is but a small proportion that are vicious, while, of the vicious, a considerable number are not ignorant. There is, however, a certain connection between them, inasmuch as ignorance is sometimes the cause, and, quite as frequently, the effect of immorality. But, whether combined or apart, they are very prejudicial to the true interests of mankind in various ways, and among others, by checking and impeding the creation of wealth. Ignorance neither discerns the right thing to do, nor the best way to do it. Vice may or may not discern the right thing to be done, but deliberately prefers to do the wrong thing. Both seek immediate fruition, at the expense of permanent future enjoyment—the one not knowing, the other not caring how bad a bargain it really is. Those who do know and do care, owe that knowledge and discrimination to their having been educated, partly perhaps by direct tuition, and partly by attendant circumstances and surroundings. They certainly do not owe them to any innate superiority of intellect. Apart from some special tendencies due to blood or race, the children born to every class of society in a country, exhibit the same average conformation of the brain—the same average impressibility to the operation of external influences.

The great mass of the peasantry and labour-sellers throughout Europe remain more or less plunged in ignorance, hence many of them are

rough and vulgar, some of them are intemperate and addicted to low pursuits, and few of them are other than homely and unpolished in their address and manners. But you, Sir, who read these lines, elegant, refined, and cultured as you are, would doubtless have exhibited the same deficiency of elegance, refinement, and culture, had you been subject to the same depressing influences. And, on the other hand, most of those who have been kept down by poverty and ignorance, would doubtless, had they possessed your advantages of education, leisure, and pecuniary competence, have risen to your level. Is then the possession of these advantages irrevocably confined to the favoured few, and by a fatal necessity, interdicted to the great bulk of mankind? Is it one of the conditions under which civilisation exists that its blessings shall be unequally distributed —many of them to the few—few of them to the many? Is this all that civilisation can do for man? Not only we do not think so, but we consider that there is a certain amount of moral cowardice in so readily yielding to the belief, and so tamely sitting down helpless under its influence. It is not the laws of nature, but the laws of man which are at fault. Let us vigorously set to work to amend them. The endowment of all men as equally as is practicable, with the advantages derivable from human progress, should be the aim and endeavour of every law-maker and of every book-writer. We believe this to be in a great degree practicable, chiefly by waging war against ignorance through extended education, and against poverty through extended wealth-creation.

It is true that the education supplied either gratuitously or cheaply by the State can only be elementary and introductory, and that without the leisure and opportunity to use it afterwards for continuous improvement, it loses its chief value, but it is precisely in order universally to provide that requisite leisure and opportunity that we so forcibly urge the adoption of all possible aids and the removal of all possible impediments to wealth-creation. For we are in these pages endeavouring to show that if all men were to contribute their fair quota to the production of wealth, if all this work were intelligently directed, through universal division of labour, to the attainment of the *maximum* results, and if no part of these results were wasted on useless or mischievous objects, then the burden of producing wealth enough for all would fall very lightly on each, and to each there would be afforded sufficient leisure and opportunity for mental development and culture. If that end should be, in the fulness of its extent, immediately unattainable, yet every effort tending in its direction would bring us nearer to it. "Chimerical!" will you say? Not at all; it is far more chimerical to fancy that the world will remain stagnant or move backwards—a state of things that is quite inconceivable. No! It does and must continue to move forward, and therefore in the direction to which we point.

In all countries efforts have been made to some extent to lessen ignorance by more or less of popular education, and to curb certain forms of immorality by legal repression. But these efforts have only been partially successful. The education

afforded has been slight and superficial—by no means generally diffused—and from want of after-leisure it has remained unimproved and undeveloped. As to immorality, prevention is a far more effectual corrective than repression. It must be attacked at its source, and the causes of it and the temptations to it must be removed by moral influences. Penal repression does not interfere with it till its growth has reached a certain stage. Up to that point, it leaves it unchecked and uncurbed, and meanwhile it has become habitual and almost ineradicable.

We have shown (see p. 63) that education and morality promote, and are at the same time promoted by, wealth-creation. The converse is equally true. Ignorance and immorality both counteract, and are counteracted by, the abundant production and consequent abundant distribution of wealth. This latter agency by dispelling abject poverty dispels ignorance, and removes from immorality its chief incentives and temptations. Thus does it subdue its two opponents: ignorance, which, even if industrious, does not direct its industry in the best way to the best ends, and immorality, of which the work is directed to evil.

These instances are exemplifications of the mode in which moral progress comes to be the result of material well-being. School learning is not education; it is only the ground-work and preparation for it. Education, in its truest and widest sense, is the formation of opinions and beliefs from study and experience, both which founts of instruction are inexhaustible, and hence

no man ever lived whose education was complete. All men, some passively and slowly, others diligently and fruitfully, continue, throughout their lives, collecting data affecting their opinions and beliefs. But the great bulk of the human race, from absence of leisure, and the pressure of incessant physical toil, have but few opportunities for useful study and suggestive observation. For want of books, and of time to read them, they are debarred from a full and correct knowledge of facts, and from the means of comparing the thoughts of deep thinkers with their own. Nor can they, from want of practice, acquire that habit of thinking logically which so copiously fructifies the teachings of personal experience. They are compelled to reason, and draw their conclusions, from incomplete and possibly erroneous data; and their convictions are moulded, not on the high standard of the best thinkers, but on the low standard of those minds with which they habitually come into immediate contact.

As long, therefore, as there is an insufficiency of the wealth requisite to meet the wants of all, whether it proceeds from causes that impede wealth-creation and distribution, or from the waste of wealth on useless or pernicious objects, so long must poverty continue to exist, and, as deplorable but necessary consequences, ignorance and the prevalence of those conditions which favour the growth of immorality. But while ample wealth-creation is the best cure for poverty, on the other hand, poverty repels that cure and prolongs its own existence by helping to impede the creation

of wealth. It does so in a variety of ways, of which we will only quote one as an example. The ignorance which poverty fosters prevents the bulk of the world's people (the labour-sellers) from appreciating, requiring, and insisting on, as they otherwise might and would, a system of free interchanges for the produce of their labour. This submission to, and complicity with, a great economic fallacy costs them dear. The hands, brains, and capital of a state are compelled by the Government to cease producing what they can produce cheaply and abundantly, and to work instead at what they can only produce expensively and sparingly; which destructive system is called the protective system. What is the consequence? Far less is produced than might be produced by the same expenditure of capital and labour, and there is less to distribute among the same number of human beings. It is the poor who suffer from this deficiency. It is they and not the wealthy whose rations are curtailed, when the supplies run short. Thus do poverty and ignorance, by their silence, support and virtually promote, the very system by which their own existence is prolonged.

In a similar manner the poverty-begotten ignorance of the people allows the war system to tear them from their families and occupations—from the plough and the loom—in order to convert them into unproductive and sometimes destructive consumers. Were the people enlightened, the war system, which not only wastes wealth but arrests its creation, would soon come to be deemed, as the cognate practice of duelling is in England, absurd

and illogical. Thus do poverty, ignorance, and immorality act and re-act on each other. They form an unholy alliance to which they staunchly adhere, and one is rarely found isolated from the others. Instances are no doubt to be met with of wealthy ignorance, of learned poverty, and of criminal wisdom and opulence, but they occur only as exceptions, which tend to prove how general the rule is.

CHAPTER XIX.

Utilisation of Female Labour.—Competition; its Uses and Abuses.—Communism.—Waste on Intoxicants and Narcotics.

WE have now gone through the list which we had sketched out at p. 14 of the chief aids and impediments to wealth-creation, and have endeavoured to trace their influence, favourable or adverse, on the progress of human welfare. But that list only professes to embrace the most prominent of those influences, for, indeed, their number is infinite. There hardly lives a civilised man whose overt deeds and spoken thoughts have not some bearing, infinitesimal though it may be, directly or indirectly, by action, example, or precept, for good or for evil, on the course of human events; and it is the sum total of these influences that finally determines the destinies of mankind. In free and comparatively enlightened communities, each individual exercises more while under despotic governments each individual exercises less—of this

individual action on the common weal. No force, whether physical or moral, is ever exercised totally in vain. However minute and feeble it may be, it has done its work such as it is. Whether it has helped, or has impeded, it has contributed its mite to the general aggregate of forces, just as each single, separate drop has its place and plays its part in the mighty rush of the Niagara waters. Who can pretend to enumerate, or to gauge the relative strength of, the multitudinous causes by which human progress is accelerated or retarded? All that can be done is to take in hand and examine those of them which are most potent and universal in their operation. But in making a selection it is difficult to draw the line and to know where to stop. Hardly yielding in importance to the topics with which we have already dealt are a number of others, to a few of which, by way of sample, we shall briefly advert, leaving the rest as too secondary and too numerous to receive separate treatment in this work.

We shall therefore proceed to notice—

1. *The utilisation of female labour.* Every advance in scientific discovery tends to substitute the agency of nature's forces for human muscular exertion. In the earliest stages of his progress, man supplemented his own bodily strength by that of animals—horses, oxen, camels, &c. Subsequently, he to some extent emancipated himself from the necessity of using brute force by improved tools and mechanical appliances. And to-day, steam, electricity, and other natural forces supply most of the motive power requisite for

man's purposes. Hence human labour now involves less and less of mere physical exertion, and more and more of intellectual direction and dexterity of manipulation. This happy change opens a wide field for the utilisation of female labour. Over and above the discharge of those family and domestic duties which come within the special province of woman, a vast surplus remains to her of leisure, of capacity, and of desire for useful and remunerative work. There is no reason why that wasted leisure should not be employed—that latent capacity should not be developed—and that laudable desire should not be indulged, by the more general co-operation of our sister-women with their brother-men in the noble work of wealth-creation. There now exist fifty channels to one of old in which that co-operation is possible without the unseemly exercise of muscular strain. Indeed, there are many tasks in which woman's efficiency is equal, and some in which it is superior, to that of man.

From some of the tasks for which they are well fitted, women are at present debarred by sentimental conventionality as being undignified or unfeminine, or by the more real apprehension of contact with coarseness and vulgarity. But both these objections are gradually vanishing before the diffusion of knowledge, and the widening spread of education. Under the influence of general enlightenment, the innate dignity of all honest labour is being recognised, and workers are acquiring more self-respect and softness of manner. Year after year, we hope to welcome larger

accessions of female labourers to the ranks of our wealth-producers; so that all human faculties shall contribute according to their lights, to their opportunities, and to their powers, to that general stock out of which human needs are supplied. In this way, we shall not only secure to the world a more ample store of "such objects of human desire as are obtained or produced by human exertions," but we shall also secure for women a fresh career of usefulness and of independence.

Of course, some old-fashioned labour-seller of the male sex will here start up and object to an influx of female labour-sellers. "I want," he will say, "no interlopers in my trade. Wages are quite low enough, and if women are admitted to compete, not only wages will be lower, but some of us will be thrown out of work altogether." This is the old anti-competitive and anti-improvement cry. Every step in human progress has elicited it. The use of horses and oxen in ploughing displaced human labour, so did the use of tools and machinery, so did the introduction of steam-ships and railways, so does all division of labour, so do all engineering achievements and changes in the channels of trade, so would do the abolition of the war-system, so has done, is doing, and ever will do every scientific discovery, every improvement, and every advance which civilisation is making towards the greatest possible creation and dissemination of wealth. All progress involves some temporary displacement of labour and capital, but its permanent effect is increased production and consequently a larger fund for the employment and

payment of labour. In the present instance, the increased capital created through the work of women now unemployed, would enlarge the fund out of which labour is paid and stimulate the demand for that labour. That demand would not only speedily re-absorb any labour that might for a short time have been displaced by the innovation, but occasion a call for more. As we have before said and again repeat, the more of everything there is produced, the more there is for distribution among everybody.

2. *Competition; its uses and abuses.* From the nature and scope of the present work, our attention must be confined to the question of competition for wealth. It is only incidentally that some of our remarks may apply to competition for power, for rank, for fame, and generally for success in other fields for rivalry. We are here specially considering the influence of competition on the production of wealth. Let us briefly glance (*a*) at its uses, (*b*) at its cause and origin, and (*c*) at its abuses.

(*a*) Its uses are obvious to all. Competition stimulates human efforts, sharpens the human intellect, and develops man's inventive powers to their utmost. In those communities where it is keenest, the most rapid advance is made in material progress. It is a race in which the idle and incompetent are left behind. The struggle for success, which constitutes competition, is only an intense form of emulation, one of the most deep-seated feelings in man's nature. Under its influence, he exercises his utmost powers of performance and endurance, of skill and contrivance, of ingenuity

and industry. Every latent faculty is brought into play, and the effect is the maximum result which hands and brains can achieve. It is in this way that competition proves so powerful an agent of production and distribution: of production through agriculture and manufactures, of distribution through commerce.

(*b*) The origin of the active competition for wealth is readily traceable to the institution of private proprietorship—to the system of individualism in contradistinction to that of communism. When whatever a man earns becomes absolutely his own property, he has the strongest possible incentive to earn as much as he can. The very different results of indolence or of activity—of intelligence or of carelessness—come strongly home to him, and, in the general scramble for wealth, he will use all the arts which emulation and self-interest can suggest to secure as large a share as, by industry and inventiveness, he can for himself.

It is quite otherwise when, as under the communistic theory, the aggregate earnings of all are thrown into a common stock for common distribution, and when each man gets, whether he toil much or little, intelligently or stolidly, successfully or fruitlessly, the same quota out of that common fund. In such a state of things, competition and its stimulus to industry, inventiveness, and thrift, altogether vanish. There is no special reward for special exertions. Indeed, as the allotments are equal while the contributions vary, the reward proves to be in inverse ratio to the value of the contributions. An equal share from the common stock

to him who brings much to it and to him who brings little to it, is equivalent to a bonus to the latter, and it would require stoic virtue and stern self-denial in the former not to feel a sense of injustice. Indeed, under the communistic system here discussed, unless men repressed every selfish feeling and voluntarily sacrificed themselves for the benefit of others, in other words, unless men changed their nature, each member of the community might, and probably would imbibe, and act upon, the notion that by throwing more work on others and less on himself, he was individually a gainer. In that case, the competition would be, not who should produce the most, but who should work the least, and such negative competition would act as a deterrent, not a stimulus, to wealth-creation.

The communistic doctrine is thus summarised by Johann Jacoby, one of its ablest exponents, "Each for all—this is the duty of man. All for each—this is the right of man." But there exists this striking difference between the "duty" and the "right." The right is definite and compulsory, the duty is vague and voluntary. Each can exact the full measure of his right from all, but all cannot exact the full measure of his duty from each. The right is a certain, the duty an uncertain, quantity. That each man will take good care that he shares equally with the rest, we may be pretty sure; but that all men will exert their powers of production to their utmost when not each but all in common are to reap the benefit of those exertions, we feel just as sure will not be the case. Strong motives of personal necessity and direct self-interest can alone

overcome the natural love of ease and disinclination to effort which is inherent to man. In the case now before us, both would be absent. It is only under the system of private proprietorship that those motives can exist in their full vigour, and generate that active competition which furnishes so powerful a stimulus to the production of wealth.

All institutions and practices that tend to remove or avert competition tend in the same degree to slacken the work of wealth-creation. Thus it is notorious that monopolies conduct their operations more wastefully, are less progressive and inventive, and expend more labour and capital for the production of the same results than those enterprises which are exposed to the vivifying influence of competition. In a similar way, those industries which are sheltered by import duties from wholesome contact with foreign competition, become careless and sluggish, are content to feed upon the country which subsidises them, and are hopelessly undersold by their foreign unprotected rivals. An industry which, not being self-supporting, receives national support, creates less than it consumes. As we have before shown, it produces 100 coins worth of commodities at the cost of 140 coins worth of capital and labour, and the country pays the difference.

Thus far the advantages of competition stand out in strong relief. Let us now consider the evils to which it may lead, when carried to a vicious excess.

(*c*) The abuses of the competition for wealth consist in resorting to illegitimate or dishonest

practices in order to undersell or supplant rivals. These practices assume one of two forms, viz.—1. Cheating. 2. Selling below cost. Let us briefly analyse both. Cheating, in regard to the sale of goods, includes the adulteration of commodities, falsification of weights and measures, deceptive statements, and other forms of dishonesty which may be summed up as the fraudulent obtainment of a customer's money under false pretences. Now, beside the fact that many of these frauds and impostures are punishable, and frequently punished, by the law, it is equally a fact that, in the long run, the unfair competition that assumes this form is only successful for a short time. The frauds are detected, the rogues are unmasked, and the trade goes back to the honest trader. The great bulk of the world's commercial dealings rests on the basis of mutual confidence, and that confidence, once forfeited, is rarely restored.

As to selling below cost for the purpose of supplanting a competitor, it is a shifty, spiteful, and short-sighted policy, entailing certain immediate loss, and, if persevered in, eventual ruin on those who adopt it. If, after a time, and for a time, a rival is ousted from the field, it is rare that the loss incurred is recouped, and the triumph, like that of Pyrrhus, has cost more than it is worth. Meantime the consumers have benefited by the folly, and have enjoyed the advantage of buying below the cost of production. Let us not, however, be surprised at the occasional adoption of this suicidal policy by private persons; since the wisdom of nations has, through bounties on exports, &c.

frequently committed the same error. National bounties on a given article enable its producer, at the expense of his country, to sell it to foreigners below cost, and thus to undersell competitors. These bounties, therefore, possess this peculiarity —that the better they succeed in effecting their object the greater is the national loss which they entail, and, consequently, the better they work the worse is the result to the community!

We thus see that the abuses to which competition is liable are exceptional and transitory, and that they only arise from its being carried to excess. Even virtues become faults when strained beyond a certain point. And, on the whole, we may conclude that competition, by the impulse it gives to cheap and rapid production, and to the distributive operations of commerce, powerfully promotes the creation of wealth.

3. *Waste of labour and capital on the production and consumption of intoxicants and narcotics.* It would be a most useful and suggestive, were it a possible, task to assess the amount injuriously wasted every year, throughout the world, in the production and consumption of alcoholic drinks, opium, bhang, and other intoxicating and narcotic preparations. The inquirer would have to estimate —1. The capital and labour diverted from other objects, in order to be devoted to their production and elaboration. 2. The extent of fertile land occupied in raising the plants from which they are extracted. 3. Their debilitating effects on the health and vigour, and, 4. Their demoralising effects on the minds, of those who consume them.

Real and great evils all, but difficult to assess. Confining ourselves, as we must do here, to the economic aspects of the subject, it would be very interesting to ascertain approximatively how much wealth is annually squandered that might be saved, and how much wealth that might be created is annually barred and prevented, by the causes above enumerated. It is not in our power to frame an estimate, nor dare we even propound a guess. But, after making due allowance for the moderate quantities of stimulants and narcotics of which the use might be proper and justifiable, the abstraction from the world's wealth by this diversion of labour and capital from useful to noxious productions, must be equivalent to the abstraction of food, raiment, and shelter from hundreds of thousands of families to whose wants that capital and labour might otherwise have ministered.

How can it be possible for destitution not to exist, when a vast amount of wealth is thus uselessly and wickedly sacrificed? How can there be enough of the comforts of life for all, while so large a portion of what is produced is—whether through the feverish delirium that gives a fatal charm to alcohol and opium—or through the destructiveness of the war system—or through the interdiction of free commercial intercourse and of the division of labour—or through other pernicious practices—wantonly destroyed, and the agents of production themselves diverted to mischievous objects? From all these errors and wrongs, it is the lowly, the weak, the ignorant, and the oppressed who chiefly suffer; and to redress the former would be to

redeem the latter from their physical and moral prostration. There would be plenty for all if men so willed it, but, as it is, a large portion of that plenty is intercepted from the stomachs and backs of the many by intemperance as well as by the still more potent adverse influences to which we have, throughout this work, adverted.

All honour is due to those conscientious men and women who are zealously, even if sometimes intemperately, advocating the cause of temperance. But we fear that neither moral suasion nor forcible repression are competent to radically cure the evil with which they try to cope. Moralists and legislators have vainly undertaken its extirpation, but its sources lie deeper than they can reach. It is not innate viciousness that leads to the habit of intemperance, or renders it inveterate. It is the habit that leads to the vice, and our inquiry must therefore be, what are the causes which engender the habit, and how are those causes to be eliminated? Of these causes, by far the most potent and universal are poverty and ignorance. Some generations ago, habits of intoxication, begotten of barbarism, tradition, and routine, prevailed among the wealthier classes of many European countries. But with the spread of knowledge, art, and refinement, a sweeping reform has taken place. If instances among the wealthier classes of that degrading vice do still recur, they are viewed with disgust, and form dishonourable exceptions to the general rule.

A similar improvement is perceptible among the respectable artisans and labour-sellers, and the

scandal of overt and habitual drunkenness is now mainly confined to the poorest of the poor and the lowest of the low. It is most prevalent among the hopelessly poor, or among those of the easier classes who had contracted the habit when they were poor, or among the ignorant who are shut out from purifying and elevating influences, or among the destitute, the criminal, and the desperate. These are unhappily the fated victims of a vicious circle. Poverty and ignorance populate the gin-shop, and the gin-shop perpetuates poverty and ignorance. How is the charm to be broken? Strong are the temptations, seductive the pleas, and specious the excuses by which abject poverty is beguiled into intemperance. It offers a brief substitution of mental elevation for mental depression, of lethargy for physical pain, of indifference for hopelessness, of stupor for remorse, of oblivion for despair! Is it then every man who, intensely suffering, can stoically put away from his lips the cup that offers relief, however transient? If we sternly demand the exercise of such self-control from our poor, weak, and afflicted brethren, what then shall we say to those who, rich, strong, and hearty, plunge into the vice out of sheer brute sensuality?

Let us, then, apply ourselves vigorously to the task of drying up the main source and fount of intemperance, which is hopeless poverty. We must work deep, not merely on the surface. A morass must be tapped from the bottom, not from the top. With the removal of hopeless poverty, the vice of drunkenness will gradually disappear, except pa-

haps among a small minority that may prove irreclaimable. And it is the object of this work to show how, if man but wills it, poverty may be removed by promoting all the aids, and sweeping away all the impediments, to the creation and distribution of wealth.

CHAPTER XX.

"Gluts" of Commodities and Labour.—National Antipathies.—Tendencies towards Confederation.

4. *Gluts, whether of commodities or of labour.* And first, with respect to commodities. A "glut of commodities" is an over-supply of one or more commodities, as compared with the demand for them. It is corrected or remedied by a diminution or temporary cessation of its (or their) production until the superfluous quantity has found a vent, and until the demand and supply have re-adjusted themselves. As to a general glut of all commodities, that, as we have shown elsewhere, is totally impossible. As long as industry is employed on the production of every desirable object in the same proportion as this desirability creates a demand for it, there can be no "glut," and the more rapidly universal production progresses in the proper relative quantities, the greater will be, without hitch or exception, the addition to the world's wealth. Each article produced would find its

counter-value in some other, and all would be absorbed by mutual interchanges.

Many causes, however, tend to disturb the natural equilibrium of supply and demand. Over-supply does not so often arise from the too rapid production of some articles, as it does from the diminished production of others. Indeed, it is by the short supply of some articles while the supply of the rest remains unaltered, that the relative or exchangeable values of various commodities are most frequently and most violently disturbed. Those industries in which capital and labour produce normal and steady results are affected by the variable results of those which are fitful and fluctuating. Over-supply is speedily ascertained and soon checked; but under-supply, while often traceable to human agency, is not infrequently the effect of influences beyond human control. Deficient harvests, whether of cereals or of other products of the soil, are powerful disturbing causes, and are mainly due to climatic causes. Shortness of supply in this large class of commodities is equivalent to, and produces the same effect as, an overplus or "glut" in other classes of commodities, of which the production had not varied in quantity. Five successive bad harvests in Western Europe (from 1877 to 1881) largely diminished the purchasing power of the agricultural classes, so that the commodities of which they were habitual consumers were found to be in over-supply, although there had been no over-production, and there ensued a wide-spread depression in trade.

To the same category of more or less unpre-

ventible disturbing causes that includes bad harvests, belong other natural visitations, such as cattle plague, potato disease, phylloxera, silkworm distemper, &c., as also earthquakes, volcanic eruptions, typhoons, inundations, &c. All these affect the quantitative relation of commodities to each other, by making some deficient, and creating a relative redundancy in others. Thus there exists a liability to "gluts" from causes which man can neither foresee nor counteract, and all that we can attempt is some mitigation of the evil when it does occur.

But "gluts" are also occasioned by human agency—by scientific discoveries which turn the stream of demand into fresh channels, leaving the old ones dry; by changes of fashion which take the demand off from old articles to throw it on to new; by improved forms of machinery which comparatively lessen the producing power of the old processes; by speculative excitement which stimulates the excessive production of some articles as compared with the rest; and, above all, by the artificial division of the globe's surface into a number of areas commercially isolated from each other, so that not only "gluts" are rendered more frequent, but their dispersion is rendered more tedious and expensive. With perfect freedom of commerce, in case of an over-supply of some commodities in some countries and of other commodities in other countries, the balance would soon and easily be redressed by the interchange of the respective superfluous productions. The whole world would be open to facilitate and equalise their distribution. Innumerable markets would present themselves to receive the com-

modities over-produced, or to fill up the vacuum of under-supply. The inequalities between supply and demand would be far less perceptible when spread over so vast an area; just as the under-supply or over-supply of rain that make the mountain stream either a dry ravine or a devastating torrent, produce but little effect on a broad lake.

As regards the "glut" of labour, it is the invariable result of a "glut" of commodities, and is therefore, to that extent, due to the same causes. For an over-supply, whether it be positive or comparative, of some kinds of commodities necessitates the temporary cessation or diminution of their production, and in the same proportion is the demand for labour lessened.

But the normal demand for labour in relation to its supply depends upon more general and permanent agencies. As we have before shown, the three inseparable and indispensable factors in the production of wealth are land, labour, and capital. No one or two of these are of any avail without the third. Of land there is for the present no general dearth in one zone or another, but the relative proportions of labour and capital differ very much at different times and in different places. It may be laid down as a general law that when the reproductive capital of a country increases faster than its population, the demand for labour will be greater than its supply, and the rate of wages will be high. Where the reverse conditions exist, there will be a "glut" of labour, and wages will be low. Capital is the labour-sellers' chief

customer, and the wealthier the customer the better for the seller. Every obstacle which impedes the progress of wealth-creation, depresses the value of labour and is the labour-sellers' bitterest foe. Just as capital is useless without labour, and is therefore dependent on it, so is labour useless without capital, and their interdependence is mutual.

Another important factor in the question of redundancy or scarcity of labour is the power of migration. The redundancy is relieved by emigration, while immigration remedies the scarcity. But both processes, fraught as they are with advantages, are attended with some evil and dangers. Expatriation is a painful cure—a cruel wrench to early associations and to the ties of kindred. Far better, where possible, to bring capital up to the level of the population than having to cut down population to the level of capital. Nor does the emigrant always better his condition. The task before him is still a laborious one. To succeed in his new career, he must possess all the qualities that entitled him to success in his native land. The chief advantage he has gained is the opportunity of exercising them.

On the other hand, immigration does not always supply the right quantity, or the right kind, of labour to the country into which it flows. There may be, and sometimes is, a glut of immigrants. Wherever there is a large or sudden influx of fresh hands exceeding the labour-absorbing power of the capital employed, the effect, for a time, is disastrous. The land is there and the labour is there, but if the capital be deficient, the land must remain

untilled, and the labour must seek other fields for employment. There are numerous instances of new colonies or settlements which have failed, and ended in disaster, through the lack of that "staying power" which adequate capital can alone confer.

To sum up, those "gluts" or disturbances in the relative supply and demand of commodities, which arise from natural and unpreventible fluctuations in the amount of produce raised from the soil, or from changes in men's tastes or habits, or from the invention of improved methods of production, are unavoidable; but their injurious effects can be minimised by the adoption of a world-wide system of free interchanges.

5. *National Antipathies.* The existence of such feelings largely interferes with the progress of wealth-creation by fostering that estrangement between nation and nation from which mainly spring the destructive system of war and the anti-productive system of protection. Happily, these antipathies, originating in ignorance and prejudice, are gradually waning under the influence of wider knowledge and closer inter-communication, and their complete extinction will date from the advent of permanent peace and universal Free Trade. Primarily, groups of families clustered into tribes; then groups of tribes clustered into larger communities, as they were impelled by some approach to identity of race, of interests, of language, and of religion. This tendency of men to agglomerate into larger social masses has still, with slight exceptions and retrogressions, been going on. With the advance of wealth, knowledge, and civilisation, the

tendency (sometimes impeded, sometimes hastened, by wars and conquests) has been towards the consolidation of two or more smaller states into a large one. A few centuries ago, England, France, and Spain consisted of a variety of small, independent states; and the unification of Italy and Germany has taken place within quite a recent date. It is not yet a century since the United States of America coalesced to form the grandest confederation of states yet known, and only a few years have elapsed since the various provinces of British North America were welded into a confederacy under the title of Dominion of Canada.

This tendency to the fusion of smaller into larger states, and to the incorporation of separate independent states into vast commonwealths or confederations, is one of the most cheering results of past, and most promising signs of future, civilisation and progress. It is a recognition of the common solidarity of mankind. It is smoothing the way to universal peace and to freedom in all its shapes. It is gradually inaugurating the reign of majorities and abrogating that of brute force. This tendency is still in full activity and potency, and is far from having yet accomplished its mission. What is the next work which it is destined to perform? In what shape will this centripetal force which has clustered communities into states and states into confederations, next exhibit its plastic power? It is not easy to prefigure the new forms into which the development of new tendencies may eventuate, but among the possibilities which the not remote

future may have in store for us, we might instance the following combinations as the practical and not improbable results of the centralising tendency to which we have adverted.

1. A confederation for certain defined objects, none trenching on autonomy, of all the various states of Europe under the title of "The United States of Europe." We have already, at p. 150, treated at some length of the possibilities and benefits of this scheme, with a special view to the prevention of war.

2. A confederation of the numerous English-speaking peoples who have founded states in, and are rapidly tenanting, various parts of the globe. The junction of all these populations, unified as they already are by race, language, and habits, would form a vast Anglo-Saxon commonwealth, of which the central representation might be invested with certain imperial powers, without encroaching, beyond those narrow limits, on the self-government of the states of which it was composed. Even now, it would comprise a population of nearly 100,000,000 of which the United States of America would alone form about one-half. But powerful as such an Anglo-Saxon commonwealth might already be from its numbers, its energy, and its wealth, the unprecedented rapidity with which the English-speaking races are working out their destinies and multiplying their numbers, not only by their own fecundity but by the absorption and assimilation of immigrating races, would before long render such a commonwealth a wonder, an example, and a guide to the rest of the world. A child just born might

live to see its population increased three-fold and its area spread over most of the fairest portions of the earth's surface. Ten years ago, a writer said of England, "We are the seminal people from which those nations will have sprung, which are probably to be the future arbiters of the world's destiny. Happy for us if we grow with them, coalesce with them, identify ourselves with them, and become part of the great cosmic system from which we may hope for that progress towards man's social well-being, which the old civilisation of Europe has so wofully failed in securing."

3. Another possible confederation might be that of the various states occupying the spacious semi-continent of South America. But although the great and improving empire of Brazil would present an excellent nucleus round which the other independent states of South America might rally for the purpose, we fear that, in this instance, a long period must elapse before the prevailing dense mass of ignorance can be cloven and broken up by impact with popular education, and before international jealousies succumb to the voice of reason.

It is by means of such international combinations that mankind will eventually form a real brotherhood, and that unnatural and absurd national antipathies will finally die out. We are far from denying or under-rating the numerous obstacles and difficulties which lie in the way of such vast schemes of improvement. But obstacles and difficulties always appear more formidable in a distant mass than when they are closely examined and boldly confronted. It is not so long since the general

adoption of a postal convention between the various nations of the world would have been treated as an Utopian dream. It is now an established fact, which largely contributes to the comfort and benefit of mankind.

Neither do we assert that such contemplated confederations, which would knit together the interests of the foremost nations of the world, and give an immense stimulus to the production of wealth, are at all likely to spring at once into existence. But we do contend that, if the time for them has not yet come, it is certainly coming—that the continuous and increasing tendency to the congregation of political bodies into large masses must result in further practical development—and that distances are now so neutralised by rapidity of inter-communication, as to offer no impediment to the working of large or complex combinations. Nor would the diversity of languages prove any serious difficulty. Already the diplomatic language of the States of Europe is French; the Anglo-Saxon nations have in common the language of Shakespeare; and throughout the South American states the prevailing tongues are Spanish and Portuguese.

We modestly offer these suggestions for what they may be worth. It is possible that improvements in our system of international polity may take place in a different form, and we shall hail them in any form. But meanwhile, we should not shrink from ourselves propounding remedies to evils merely because the adoption of those remedies appears beset with difficulties. All difficulties are surmountable. Even if our views should be

branded as "impossibilities" we should not be much moved. Our reply would simply be that "Impossible!" is an objection which man, with his finite intelligence and undefined perfectibility, should be most chary of using. Dogmatically to draw the precise line of demarcation between the possible and the impossible, is an arrogant assumption of infallibleness. That boundary line has often been magisterially drawn; and just as often, subsequent experience has shown it to have been drawn in the wrong place. The list of actually accomplished "impossibilities" is an endless one. That fact should prove a rebuke to dogmatic sceptics, and an encouragement to the advocates of progress.

It may perhaps be said that the absorption of local and national interests into the wider and more general range of universal human interests will be destructive of patriotism. That depends on the meaning assigned to the word "patriotism." As long as it is, not the direct converse to, but a concentrated form of philanthropy, as long as it implies an intense desire for the special welfare of a man's native country, not as opposed to, but as connected with, the general welfare of mankind, no sentiment can be more in accord with the principles on which a friendly congress of nations would be founded.

But if patriotism is meant to confine its sympathies to the exclusive welfare of a man's native country at the expense of, and in contradistinction to, the general welfare of mankind, it subsides into a narrow, provincial, and selfish prejudice, founded

on the absurdly erroneous opinion that a country best prospers if, and when, other countries are unprosperous. Patriotism so construed is the apotheosis of a blunder. It is a defect wrongfully raised to the rank of a virtue. It is this fatuous feeling that inspired those wretched feuds which have marked the barbarism and hastened the decadence of contentious savage tribes. The same fatuous feeling gave rise to internecine and cruel wars between the petty towns of ancient Greece, and between the petty states of mediæval Italy. The ancient Lacedemonians specially called themselves patriots, because they hated and despised everybody else; but, in truth, they were (begging Plutarch's pardon) nothing but a petty, savage, egotistical, bigoted, and cruel race of slaveholders.

CHAPTER XXI.

Land—Origin of Private Proprietorship—The World's Supply of Land—Its Gradual Absorption and Consequent Increasing Value.

WE must forbear from prolonging the list of those influences from which wealth-creation receives either hindrance or encouragement. By the time that public opinion throughout the civilised world has received sufficient enlightenment to appreciate, and gained sufficient strength to enforce, the reforms advocated in the preceding pages, the improvement in the condition of mankind will have become so mani-

fest that the remaining minor reforms will rapidly follow, and prove but feeble obstructions. Before, however, we proceed to summarise and comment upon the general principles which constitute, and the facts and reasonings which support, the argument propounded in this work, we must devote some share of attention to a few collateral issues, with which the main subject is more or less connected.

Of these, one of the most important relates to the peculiar conditions under which land is placed as compared with the other two factors of all wealth, viz., capital and labour. In the first place, the supply of capital and labour is, originally, scanty — it increases gradually — and to that increase no limit is assignable. It is different with land. Barring geological phenomena, the supply of land is a fixed quantity. Hitherto, the aggregate quantity of land which the world affords for man's use has been far beyond man's requirements. But it cannot always be so. As cultivable land becomes worked up and utilised by the joint action of capital and labour, its present excess of supply will be gradually reduced, and must, at some period more or less remote, become exhausted. The more rapid the progress of mankind and the increase of the world's population, the sooner the time will arrive when we shall approach the limit of the world's land-supply.

In densely populated countries the value of land has been continually rising, but, so far, the rise has been checked and rendered gradual and bearable by the influx of agricultural produce from

regions where land was cheap and abundant. How will it be when those regions shall themselves become more densely populated, and the supply of surplus land shall further diminish? The result will no doubt be a general and growing enhancement in the value of land, eventually culminating, should the present laws relating to landed property remain in force, in conferring upon its possessors, the unlimited, because undefined, privileges of a monopoly. These are not merely vague and distant speculations. It is a fact that there is a limit to the supply of land—it is a fact that the world's population is fast increasing and therefore using up that supply—and it is a fact that, as the demand becomes greater while the supply remains the same, a proportionate rise in value must ensue. Reason how we may, and infer what we may, those facts have to be confronted. Is it wise to adjourn the consideration of the pinch till the pinch itself shall come?

In the second place, while capital and labour are migratory and can, when required, remove from one locality to another, land is fixed and irremovable. Its products, indeed, are transportable, and may be conveyed to those places where labour is most efficient and capital most abundant; but in order to create that agricultural produce, capital and labour must go to the land. From the two peculiarities which we have pointed out as distinguishing land from its co-factors, capital and labour, various pregnant inferences are deducible, to which we may make some brief reference.

It will be necessary to say a few words as to (*a*)

the origin of proprietorship in land; (*b*) the present distribution of the world's supply of land; (*c*) the importance to mankind that land should be so treated as to extract from it the greatest possible amount of useful production; and (*d*) the measures requisite to promote and ensure the most productive treatment of the land.

(*a*) *Proprietorship in land is a human institution*, not a natural ordinance. Whatever origin be assigned to man, whether special creation or gradual evolution, it is clear that at some period more or less remote, and for a period of greater or lesser duration, the land was as free to the common use of mankind as the air we breathe. Indeed, it is still so in several parts of the globe. As long as hunting, fishing, and a few wild fruits and berries supplied the wants of a sparse population, necessity prompted no change. But some primeval Triptolemus discovered that by cultivation, that is by clearing the ground of useless, and substituting for them useful, plants, by loosening and turning over the land and so converting it into soil, by sowing it with cereals, &c., a very large quantity of human food could be raised from a given area which, in its state of nature, produced next to nothing. Who, however, would undertake the performance of work so arduous, in the expectation of advantages so tardy and uncertain, unless assured that those advantages would undividedly accrue to themselves? But in order that those advantages should be exclusively assigned to them, the rest of the tribe or community must be debarred from the use of the area thus cultivated.

Hence the specific appropriation to the cultivators, of that area, which was before common to all. Thus, practically and in a broad sense, has arisen the substitution of private for public proprietorship of land.

As a general proposition, viewed apart from the question of social expediency, such an abstraction of land from the common use of all, and its conversion to the separate use of individuals, was undoubtedly an injury to the commonalty from whom that extent of land was sequestrated. Their hunting or wild-fruit bearing grounds were by so much diminished in extent, and, *pro tanto*, the benefit to a few became a detriment to the many. It is in this sense that Proudhon's exaggerated dictum, *La propriété c'est le vol* ("property is robbery"), has a certain degree of foundation in truth. What was everybody's became somebody's, and was everybody's no longer. It is in this sense that injustice has undoubtedly been done to the indigenous tribes of the American hemisphere who, having for untold centuries freely and in common, tenanted that vast continent, have been ousted, and themselves nearly extirpated, by the encroachments of civilised races. This process is still in operation wherever the land is held in common, and wherever communism in its completest form is the prevailing practice among the indigenes. The loose hold exercised over the land by the native tribes who use it in common, is everywhere giving way before the energy and intensity of individualism; and in spite of the restraining influence of benevolent philanthropy, the aboriginal

races, which can neither resist, nor co-exist with, civilisation, seem doomed to speedy extinction.

But these evils, deplorable as they are, sink into insignificance when compared with the innumerable advantages attendant on land-appropriation. Without separate and secure proprietorship (whether individual or corporate), there could be no cultivation; without cultivation there could be no abundance; without abundance, no wealth; and without more or less of wealth, there could be no progressive civilisation. The same area of land which under proprietorship and cultivation could maintain in comfort several millions of human beings, had, when unappropriated and uncultivated, afforded a bare and precarious maintenance to a few thousands. Reflection and experience led to identical conclusions, so that, finally, by the universal consensus of nations, the principle of land-proprietorship has been adopted, legalised, and enforced.

Land is therefore held, not by any abstract or natural right, but by a conventional and legal right conferred by the will, as defined and upheld by the law, of the community. Might had, in many instances, conferred the land on the original appropriator before society conferred on him the right to hold it. That right was conferred, not from a sense of fairness, since it involved unfairness to the aboriginal common occupants; but from a sense of expediency, because the system presented many material advantages.

In this brief review of the conversion and distribution of unappropriated land into private or

corporate properties, we have necessarily confined ourselves to the broad and salient features of the subject. We have made no reference to those intermediate and transitional relations between land and its possessors that have existed at certain periods and in certain places, such as the various and complicated forms of feudal tenures, the ryot and zemindar system of India, the Russian mir, the nearly extinct village communities, &c.* These form interesting and suggestive topics for inquiry, but they have only an indirect bearing on the subject before us, which is simply the "origin of proprietorship in land." Our task has been to show that the division of the habitable surface of the globe (that general inheritance of all mankind) into private ownership is a social arrangement open to modification; not a law of nature from which there is no appeal.

(*b*) *The present distribution of the world's supply of land.* In newly-settled countries, and especially in those which have been colonised by the Anglo-Saxon races, the modes in which the present owners of land have become possessed of it are simple enough. In a few instances, the land has been bought for a nominal value from certain indigenes, whose power to sell and to give a title was exceedingly doubtful. In the majority of cases, however, the land has been, under various pretexts, taken from the natives by main force and appropriated by

* Those who wish for information on these subjects should consult Mr. J. W. Probyn's excellent collection of the best treatises on the various systems of land tenure, published by Cassell & Co.

the government of the new state. Thereupon naturally followed the gradual distribution of the land, by allotment or cheap sale, among immigrating settlers. Much of it still remains undistributed in the hands of the various states, and its sale constitutes a large source of revenue. In most new countries land-ownership has thus arisen.

In old countries, the existing distribution of land has been arrived at through many circuitous processes. Besides the original act (justifiable or not) of diverting land from the common use of all to the special use of a few, the transmission of the land from generation to generation has, many times and at many periods, been deflected from its legal course by conquest, confiscation, rapine, fraud, and violence of all kinds. The title to many a fair domain now peacefully enjoyed, may be traced back to the might to seize and the power to hold exercised in troublous times. But all land-ownership, whatever its origin, once defined and sanctioned by law, becomes sacred in the eye of the law, and is under its guardianship as long as that law remains in force. The firm maintenance of legal rights is essential to the very existence of social organisation.

On the other hand, society has not abdicated its prerogative of modifying the law itself. The superior controlling power of the state is constantly being exemplified. In all cases of public improvements, such as roads, canals, railways, street alterations, harbours, &c., the legislature overrules proprietary objections, and decrees compulsory transfer of the necessary land on terms to be privately or juridically arranged. Even in the

disposal of personal property the state has sometimes specially interposed. Thellusson, in 1797, left by his will £600,000 to trustees to be invested for accumulation (before distribution to the heirs) for a period of about a century, by which time it was calculated that the amount would have expanded to £140,000,000. This singular devise induced Parliament, in 1799, to pass an Act to prevent testators from exercising any power over their personal property beyond twenty years after their decease. As it happened, Parliament underwent needless alarm, for litigation brought about a premature distribution of the Thellusson property in 1859, and meanwhile the law expenses had devoured the accumulations, so that the amount distributed hardly exceeded the amount originally bequeathed. Still, the legislature herein exercised its privilege, and evinced its determination to interfere with proprietary rights when they were deemed incompatible with the public weal.

The Irish Land Act of 1881 is the most striking as well as the most recent instance of legislative control over land-ownership. By fixing rents (though under exceptional circumstances), it interferes, to however limited an extent, with the freedom of contract and with the natural relations of supply and demand. But the evil was a special one and required a special remedy. The evil was that in Ireland the article legislated upon, land, was in limited supply and in excessive demand. Hence exorbitant and impossible rents (at least in many cases) which legislative interference alone could reduce. The case is, no doubt, a special one, but it

may not long remain a solitary or even an exceptional one. As the population of the world continues to increase while the supply of land throughout the world continues limited, the problem which the Land Act was framed to solve in Ireland will, sooner or later, obtrude itself in other places, or in other forms. Land everywhere tends to increase in value, and that tendency is most rapid and pressing when and where the density of the population is greatest.

Moreover, there are certain tacitly understood limitations to the rights conferred by society on land-proprietorship, and certain implied conditions to their exercise. It has become a common saying that "property has its duties as well as its rights." This doctrine, if it really means what it really says, is a very sweeping one, and raises questions which its author probably never intended. For, as the performance of the duties and the exercise of the rights are made correlative, it implies that where the duties are unperformed, the rights lapse. Without going so far as that, it is undeniable that there are certain limits and conditions to the legal rights of land-owners which, without being specifically expressed, are practically annexed to them. These limits and conditions are intimately connected with the primary origin of the private ownership in land, which was, its necessity in order to extract from the land a larger yield of useful productions. That was the plea for, and the justification of, such ownership. Otherwise, what was the object of rescuing the land from the wild state in which it was common to all?

There are cases, however, in which the proposed result does not ensue. For instance, such an exercise of proprietary rights as should, on a large scale, leave the land as waste as it was before it was appropriated, would be an infringement of the very purpose which society had in view, in conferring those rights. Let us suppose that two or three millionaires clubbed together to purchase 100,000 acres of the fine wheat lands of Lincolnshire, in order to oust the farmers who now cultivate them, and to convert the whole into a game preserve; what then? There is nothing in the laws affecting land to prevent such a purchase, or to prohibit the conversion of the land to such uses. The effect would be that the production of wheat in this country would be diminished by 300,000 to 400,000 quarters annually, that food for nearly half a million of human beings would have to be imported instead of being grown, that the farmers and labourers who before raised the wheat on the land would have to find other employment or emigrate, that the increased competition for land in other parts of England would cause a general rise in rents, and that the area of England, as a food-producing country, would be smaller than before by 100,000 acres of her finest land. A scheme so rife with evils, so cynically selfish and devoid of all consideration for others, might indeed rouse the indignation and provoke the interference of the community, but in the present state of the law it would be quite feasible and strictly legal.

Here, then, is an act which transgresses no law, and only violates the tacit limitations and condi-

tions which attach to the law; nevertheless, such an act would not be tolerated. Its very enormity would furnish its own corrective, and the legislature would amend the law to meet the case. It is true that such an act, on such a scale, and in its naked features, is not likely to be attempted. It must, however, be remembered that similar violations of the unwritten spirit of the law, on a reduced scale and in a less obtrusive fashion, are by no means uncommon in countries where the land is owned in large masses. The love of sport which impelled William the Conqueror to convert Hampshire into a deer forest still survives, and prompts miniature imitations (under cover of the law) of a deed that overrode all law. There are, indeed, many practices with regard to land which are strictly within the letter of the law, but which thwart and frustrate its spirit. The existing relations between the land and its owners cannot, therefore, be regarded as final, and circumstances may arise which will subject them, in some places sooner, in others later, to revision and modification.

(*c*) *The primary importance of such a mode of treating land as shall secure from it the largest amount of useful production* is too obvious to need much comment. If, as we have endeavoured throughout to show, it be a sin against wealth-creation to waste capital and labour because such waste lessens the common stock of useful things for distribution to the world, it must be a still greater sin to waste the productive powers of land, since its supply is a fixed quantity, whereas capital and labour are reproducible to an indefinite extent

The utmost amount of production is obtainable when all the three factors of wealth—land, labour, and capital—are combined in their requisite proportions. Land, when its co-factors are absent, is simply barren; and when they are present, but in relatively insufficient supply, it produces less than it might and ought. Even when all three factors co-operate in due proportions, the result may be abundant production, but not necessarily useful production. For instance, the cultivation of poppies for the manufacture of opium ministers to a far lower class of human wants than the cultivation of cereals for the purposes of food, or of cotton for the purposes of clothing.

As long as extensive tracts of land exist in various parts of the globe fitted for, and waiting for, man's cultivation, the importance of making cultivated land yield its utmost does not so impressively come home to us. But when it is borne in mind that man's reserve of cultivable land, though large, is yet of limited extent, and that each year we are encroaching on that reserve, it surely behoves us to take into consideration, boldly face, and gradually prepare for, a contingency which may be more or less remote, but to which the progress of civilisation is irresistibly leading us.

(*d*) *As to the measures best adapted to secure such a treatment of the land as shall be the most productive*, that is far too vast and complex a question to be discussed within the limits of the present work. Indeed it hardly comes within its scope, and lies mostly in the domain of politics and agriculture. It is sufficient here to point it out as

a subject of pressing and growing importance that has attracted, and will yet more attract, the attention of able thinkers. The land question in its full range involves many more problems than have as yet been broached. In densely populated countries the struggle for land is becoming intense, its value is rising, and it must continue to rise until it may reach such a height as shall prove intolerable, unnatural, and injurious to the common weal. The period must come when some corrective will have to be found to counteract that tendency to monopoly which is more or less inherent in land, from its limited supply, as compared with the unlimited growth of population and capital.

We must here close these perfunctory remarks on a subject so vast and so important. It will before long occupy the minds and test the powers of the greatest statesmen and thinkers. The necessity for decisive action may not arise soon, nor everywhere at the same time. It may be postponed by palliative remedies. Indeed, in abstract theory, it might never arise at all, if science could devise means to raise food and raw materials in ever-increasing quantities out of the same area of land, so as to meet the ever-growing requirements of an ever-growing population. But in our present state of knowledge, and with our present command over the forces of nature, we have, or shall some day have, to confront the uncomfortable possibilities arising out of the contrast between limitless requirements for cultivable land and its limited supply. Meanwhile, we have no faith in the devices hitherto proposed to meet this eventual emergency.

CHAPTER XXII.

Contempt for Wealth-Producers—The Poor would be Largely Benefited by Increased Wealth-Creation.

WHILE we have a firm trust in the future of civilised man, we fear that there are some races of men of whom, from their inaptitude for progress, we must despair. It is in the highest stages of civilisation that the art and practice of wealth-creation will attain the fullest recognition and the most ample development. The initial start must depend on the power to rise from a state of nature to a state of progress. True that the desire of possession being innate in man, it is as strong in the lowest savage as in the most cultured Caucasian ; but the former neither knows the true use and value of wealth, nor the most effectual modes of acquiring it. He snatches at the objects of his desire as the means of gratifying his immediate appetites, and has but elementary notions as to the multiplication of those objects with a view to future fruition. Can he be taught to adopt the habits, join in the labours, and submit to the restraints of civilised life? Some races have done so, although in only a limited degree, but, in their case, a certain advance having been made, a farther advance may be hoped for.

But, on the other hand, there are other races, on whom the experiment has been tried in vain. The indigenous possessors of the soil in America and Australia on whom civilisation has encroached,

have deteriorated, and almost perished, by contact with it. Every effort to induce them to join us in our social arrangements has been fruitless. All amalgamation has been found impossible, and we have either to retire from the work of turning barren wastes into cornfields and gardens, or to resign ourselves to view with pitying eyes and regretful hearts the gradual decay and final extinction of those indigenous races.

It may be asked how it is that the aptitude for civilisation is absent in some native races and exists in others; and where the line between them is to be drawn. Our theory as to this is but a rough and ready one, and we give it for what it may be worth. We believe that it will be found that those races or tribes among whom the land remains unappropriated, and exists in its primitive condition of being common to all, are the most untamable to the yoke of civilisation and will never live within its pale. Whether this preference for savage independence and dislike to settled habitations be the result of some peculiar physical conformation, or that habits indulged in, generation after generation, may have ripened into hereditary proclivities, certain it is that those indigenous tribes, among whom the land has remained unapportioned and uncultivated, are precisely those that have evinced the greatest incompatibility with, and aversion to, the arts of civilisation.

On the other hand, those nations among which the institution of land-ownership exists, seem to have passed the line which separates the improvable from the non-improvable races, and to have taken

that first step which renders the rest possible. It is to these that progress, more or less rapid, becomes a destiny; and it is of these that, after all, the great bulk of mankind is composed.

We have now, to the best of our ability, urged the claims of wealth-creation to rank as the most efficient agent in promoting the physical, and, through the physical, the moral well-being of the totality of mankind. Without the physical, the mental and moral well-being is unattainable. It is illusory and deceptive to open the temple of knowledge, culture, and refinement to the bulk of the population, to invite them to enter, and to blame them for not entering—and at the same time to leave them oppressed by poverty, their leisure absorbed in toil, and their minds burdened with troubles and anxieties. It is the feast of the Barmecides. Practically, our cruel wars, our mistaken legislation, our wanton waste of wealth, close the entrance to the temple of knowledge to the many, be its portals ostensibly opened ever so wide.

What is primarily wanted is a sufficient supply of material comforts and sufficient leisure for mental improvement, not for a small minority, but for the general body of mankind. At present, these requirements are amply furnished to the few rich, but fall far short of adequate supply to the many poor. This deficiency, however, does not, we contend, arise from the nature of things, but from defects in our institutions. The wealth necessary to provide for all the requirements of all human beings would be easily obtainable, if the creation of wealth had fair play, and its unnecessary waste

were properly repressed. We have shown that whatever is produced is distributed, that the more there is produced, the more there must be for distribution, that the articles composing this increased production would chiefly be articles of necessity, such as food, clothing, &c., and that of these, were industry and capital intelligently directed to the right objects, there would be a superabundance for all. And we have further shown that the causes which either prevent production or beget waste, are removable by the exercise of human volition, for they owe their existence to the imperfection of human institutions. The evil influences which man has created, man can annul.

That multifarious objections will be started to our views we are quite aware. We anticipate that, among other things, it will be said:—1. That we are appealing to the lowest springs of human action, viz., a selfish greed for wealth. 2. That the increased production of wealth which we hold out as an universal panacea will do no good to the poor man, but merely go to swell the stores of the rich. 3. That the poor and illiterate who form the bulk of the population throughout the world are mostly sunk too low in ignorance, coarseness, and barbarism, ever to be raised to culture and refinement. 4. That in our enumeration of the means by which we propose to elevate the masses in the scale of being, we have omitted the powerful leverage of religious influences; and, 5. That our scheme is Utopian, and that the results we look for are unattainable. Let us briefly pass under review these several allegations.

1. Greed for wealth is only a contumelious mode of defining the virtues of industry and frugality, which definition is readily adopted by those who are devoid of both. The assumption that the creation of wealth is an ignoble task, and that the creators of wealth are an inferior class, is tantamount to asserting that the mere possession of wealth confers dignity, while its creation implies degradation; and that those who use unearned wealth are, from that very fact, a superior class to those who earn it. Is there, then, so much more merit in those who have inherited wealth than in those who have collected and bequeathed it? A lucky accident, the chance of birth, transfers to the former the wealth which the latter may have acquired by labour or by talent. Is his luck to dignify the one who receives the wealth, and his labour and talent to disgrace the other who bestows it? True, that the wealthy enjoy leisure and opportunities for mental cultivation, of which many (by no means all) avail themselves, but that is a gratuitous privilege which fortune has conferred, not a merit ascribable to personal superiority.

The foundation of the payments made to remunerate the governing and professional classes is the very wealth so affectedly disparaged, which is created by the very producers who are so unaffectedly despised. Kings, statesmen, generals, judges, bishops, &c., down to policemen and beadles, are the paid servants of the "inferior class" by whom wealth is created. The difference between the many-palaced Emperor of Germany

and the shirtless King of the Ashantees arises mainly from the difference in the wealth-creating powers of their respective subjects. To condense it briefly, which class best deserves our admiration and sympathy—those who enjoy wealth without creating it, or those who create wealth without enjoying it? Is it for the former to tax the latter with being actuated by "greed for wealth"?

It is in another form, however, that the contention displays most plausibility. Wealth, once acquired, is allowed to be highly respectable. It is the act of earning it which, according to some, degrades the mind, lowers the dignity, and vitiates the taste of the wealth-getter. "How," say they, "can that man who devotes his energies to buying cheap and selling dear, to saving some trifle in the production of a commodity, to haggling with a workman about wages, and other trumpery matters, be considered the equal of another whose mind is occupied with lofty political or philosophical speculations, or with the æsthetic contemplation of works of art, or with the inspirations of divine poetry, &c.?" We humbly reply that, (*a*) These highly-cultured persons would never have been in a position to indulge their lofty flights if somebody had not endowed them with wealth ready-made to save them from the necessity of earning their daily bread. (*b*) The very object of the present work is to show how it may be rendered practicable for the same man for some hours of the day to take his fair share in the work of wealth-creation, and for some hours of the same day apply himself to that mental culture which we

deem quite compatible with the performance of a man's duty as a bread-winner. There are innumerable instances of the co-existence in the same man of useful hand-labour and valuable brain-labour. Indeed, the one forms a salutary balance to the other. It is certainly unwholesome, and we believe it to be quite unnatural, that man's efforts should be undeviatingly directed into one groove. (*c*) All honest and useful labour is of equal dignity. Indeed, the more useful it is the more estimable. Sowing an acre of ground with wheat is a more substantial contribution to human happiness than writing a mediocre poem, and it assuredly evinces more strength, both of mind and of body, to toil for hours, day after day, at some useful but laborious task than to recline on a soft couch or a sunny bank to dream of Arcadia and its theatrical shepherdesses. We cannot admit that the latter is the more dignified performance of the two.

2. That even if wealth were abundantly produced and not uselessly wasted, its increased volume would, on distribution, do little or no good to the poor man, is a paradox of easy refutation. The increase of production and the cessation of waste must result in the supply of more food, more raiment, and more articles of necessity for the use of every class of the community, even to the very lowest. It is not articles of luxury for the rich that would be multiplied by the cessation of all impediments, and the adoption of all aids, to the creation of wealth. If you run your eye down the list of the chief articles that are either imported or

exported, you will find nearly all of them to be such as minister to the wants of the millions, and of which the consumption is universal. These would be the commodities which would be so largely multiplied by promoting wealth-creation. For instance, it would be almost exclusively on such articles that the millions of able-bodied men, whose labour would be liberated and rendered available by the cessation of the European war-system, would employ their productive powers. The more abundant creation of wealth necessarily means the more abundant production of all such articles of universal consumption.

Now let us see what would become of this large increase in the supply of the necessities and comforts of life. Once brought into existence, they must, as we have shown at p. 3, be distributed. And among whom? It is clear that it must be among the population at large; that is, among the labour-selling and poorer classes. It cannot be among the opulent alone. The increased stock that has to be distributed consists chiefly of food, raiment, and other necessaries. How can the distribution possibly be confined to the wealthy? They cannot eat all the extra food raised, or wear all the extra clothing produced. In fact, of neither class of commodities can they consume more than they formerly did, for they had an ample sufficiency before. What, then, becomes of the surplus stock? If this extra food, raiment, and necessaries be distributed at all (and how they can fail being distributed we do not see), they must go to satisfy hunger that before went unsatisfied, to

substitute good clothing for scanty rags, to provide the labour-seller with the necessaries of life without the same strain on him as before, and, generally, to eliminate poverty with all its attendant evils.

This view of the subject seems to have escaped the attention which it deserves. It has been assumed far too lightly that it is the rich who chiefly benefit by the increase of the world's wealth. The contrary is nearer the truth. Abundance blesses both rich and poor, but the blessing to the rich forms a slight percentage over their previous resources, while the blessing to the poor forms an enormous percentage over their former small dole, and perhaps doubles or trebles their previous enjoyments. It is in times of dearness and scarcity that the position of the rich man becomes peculiarly invidious, and stands out in irritating contrast to that of the ill-paid toiler. In such times there is barely enough for all, and of course the pinch falls on the poor. To the rich such insufficiency means the curtailment of a few luxuries, to the poor it means the curtailment of the necessaries of life.

In times of abundance and cheapness it is quite different. The increased supply of the necessaries of life scarcely touches the rich, who already had as much of them as they could consume, and therefore it is on the poor that the blessings of comparative plenty fall. How could the rich man prevent the distribution among the rest of mankind of the extra supply of good things which perfected wealth-creation without waste would provide for the purposes of consumption? Let us consider.

To a large extent, that wrong is done, now, by means of the protective system, which interdicts the free interchange of the commodities produced in one country with those produced in another; but we are at present supposing "perfected wealth-creation," which implies the abolition of the protective system. How, then, under "perfected wealth-creation" could the rich man keep back the articles of necessity, which he cannot himself consume, from being consumed by the poor? What he might do if he were obstinately determined to deprive the poor of that benefit, would be to buy some cargoes of grain or a few thousand bales of cotton and woollen fabrics, and burn them. Or he might use every effort to get the protective system re-enacted. We see no other way in which he could effect his purpose.

It may be said, "No! the rich man will not adopt those courses. He will spend his share of the increased wealth in keeping more servants and maintaining a more expensive establishment, in building palatial mansions, and acquiring more artistic furniture and works of art." Readily granted; but all this, far from interfering with the distribution among the labour-sellers of the increased wealth in question, merely explains the very processes through which that distribution would be effected. This increased expenditure of the rich goes to the increased employment of labour and to the payment of wages; and the greater the demand for labour the higher will be its remuneration. It is through this increased expenditure that the sellers of labour, whether it be labour of

the brain or of the hand, get their share of the additional wealth that has been created. In short, the whole of that increment in the world's wealth which will result from "perfected wealth-creation without waste," will be distributed, and that distribution will be effected by its exchange with the labour of those who have labour to sell. The more of it there will be to distribute in proportion to the quantity of labour in the market, the better for the labour-sellers, for the higher will be the rate of their remuneration.

If, however, the rich, instead of expending their increased wealth on fresh luxuries, should prefer investing it in reproductive enterprises, so much the better for the labour-sellers. Not only he gets, as in the other case, an increased demand, and therefore an increased price, for his labour, but the wealth which his labour has helped to produce is not consumed once for all, as in the former instance, but becomes reproductive and is renewed again and again. Thus fresh additions are made to that capital out of which the wages of labour are paid. Clearly then, labour-sellers have a special interest in the amount of production being as large as possible, since that production must be distributed, and in that distribution they largely share.

CHAPTER XXIII.

Raising the Poor to a Condition of Ease and Culture—Are the Results we Aim at Chimerical?

3. THAT the task of raising the poorer classes throughout the world to a condition of ease and culture is a hopeless one, we strenuously deny. That it may be a difficult one—a tedious one—that it can only be achieved slowly, gradually, partially, and with more or less of completeness—yes. But that it is hopeless none will believe who will take the trouble to trace the course of the future by the bearings of the past, and who have faith that progress will lead us somewhere, instead of nowhere. To state it broadly, the dead wall that stands between the rude peasant and the finished gentleman is poverty with its disabilities. Remove but that, and there will potentially reside in the one all the elements and capabilities of culture possessed by the other. Nature distributes her favours of congenital strength, symmetry and beauty, both of body and mind, on quite different lines from those on which society is distributed into classes, and the average infant of the poor is not inferior to the average infant of the rich of the same race.

What the respective destinies of these infants may be in regard to future happiness, education and sufficiency of means will doubtless decide. Not that the education need be more than sound for the poor child, while it may be brilliant for the rich; or that the sufficiency of means need be more than a nega-

tion of poverty for the former, while it is affluence for the latter. The man who has enough is, in essentials, as well off as the man who has more than enough. Shakespeare is still Shakespeare whether he be read from a cheap copy or from a gorgeously bound edition. Life is rendered only a little more enjoyable by great wealth, while it is made barely endurable by excessive poverty. Of the two extremes of superfluity and destitution, the latter far more depresses man than the former raises him. To eliminate the latter is therefore a far more important object than to promote the former. A household, earning a sufficiency for physical comfort and for mental improvement, is placed under conditions highly favourable to the attainment of the utmost amount of human felicity.

It has been alleged that a rise in the rate of wages generally leads the recipients either to increased intemperance or to increased idleness. This is only true in exceptional cases; for instance, when the rise has been great and sudden, not gradual and enduring, or when it has occurred among the poorest and most ignorant of the labour-sellers; and even then only for a time, until the excitement and novelty had worn off. The general and permanent effect of steadily high wages has been in every way most salutary. Emancipation from the miserable shifts and temptations of hopeless and abject poverty generates in the man a feeling of self-respect, whence there spring in due time, the habit of self-command, the wish to advance in the social scale, and, as a consequence,

the desire for mental improvement. As a rule, it is the higher-paid artisans who swell the amount annually invested in savings-banks and thus become capitalists; they are the men who frequent reading-rooms and lectures, and whom books and newspapers are educating to the proper exercise of the voting power. Compare the badly-paid English working man of two generations ago with the better-paid working man of the present day, and we shall find that in education, manners, temperance, and thrift, the latter is immeasurably superior.

Why should not the same process be continued with the same effect? The vast and compact mass of poverty and ignorance existing throughout the world may, at first sight, seem too huge and dense to be broken up by the advance of civilisation and progress, but it must be remembered that every individual who may be rescued and detached from it forms a step towards its disintegration. There is so much less left to be done, and as our attacks make larger breaches, so will the resistance to them become feebler.

One of the mainsprings to human effort is emulation—the desire to excel. Wherever it is not either latent or obliterated, it exerts a mighty influence over the intensity of man's efforts, whether directed to the highest or the lowest objects. It is a force which exists for good or for evil, according to the purpose for which it is used. So powerful a lever should carefully be pressed into the service of the right and the true. "Onwards and upwards" is the motto of the poet who spiritualises life; of the painter who idealises nature; of the musician

who fashions sounds into lovely shapes and meanings; and of the orator who brands his words into the minds of his hearers. Each strives to do his best and his uttermost. And it is a similar craving for success which gives life and animation to the very lowest forms of competition. It inspires the jockeys, the pugilists, the athletes, down to the drunken miner who trains his bull-pup "to fight and to conquer" other dogs. All these, equally with the poet and orator, strain every nerve to triumph in their respective ways.

"How different the aims!" will you say? Very true, but you must nevertheless recognise the force and energy with which, in each case, the mainspring, emulation, manifests its influence. As it exists in all human hearts, so our business should be to turn it to the best account and give it the right tendencies. The diversity of aims is the outcome of the diversity of education and surroundings. These man's action can shape and modify, and therefore it is in his power to give a proper direction to those energies which, in some direction or the other, will ever result from the impetus of emulation.

4. That in our enumeration of the means by which the masses may be raised in the scale of being we have omitted the powerful leverage of religious influence we admit, and we justify the omission. In a mere economic work like this, such a consideration would be out of place. It is with man as a human being, and not with man as a spiritual being, that we have here to do. Our task is to work out man's material—and through it his

mental and moral—well-being, by means of the natural and mundane elements at our disposal. Moreover, our subject is cosmopolitan; we are addressing men, not of one, but of all religions. On which form of belief could our appeal to the religious element in man be grounded, without its being distasteful or, at least, unacceptable to the rest? It is on the undisputable data which human experience furnishes, and not on the disputed data which theology puts forward, that economic science must rely for its progress. The modes of action which have been urged, have no special connection with, nor do they offer the smallest opposition to, any of the four or five great divisions into which the religious belief of the world has grouped itself.

5. That our scheme is Utopian, and that the results at which we aim are chimerical, are objections to which we have already incidentally adverted. But we must be allowed a few more words on the subject, since we anticipate that this form of argument will again and again be addressed to us. "Utopian and chimerical!" say you? Well! we accept the omen. Those are the very words which have invariably been applied to large schemes on the eve of their practical accomplishment. Those were the very words used by the learned Dr. Lardner when he pooh-poohed the idea of a steam-vessel ever crossing the Atlantic; the very words used by consummate European politicians when apprised of the intention of General Washington, Mr. B. Franklin, and a few other private individuals, to organise the British colonists of North America into an independent federal republic; the very words

used by the experienced Post Office functionaries when consulted on Rowland Hill's scheme of penny postage; the very words used by eminent English engineers and statesmen in reference to the Suez Canal, projected by that energetic performer of impossibilities, Ferdinand de Lesseps; in short, the very words which always foreshadow the advent of some important practical improvement, which they are intended to denounce and deride, but which they rarely succeed even in delaying. They really convey no argument, but are the mere ejaculations of startled routine-lovers, and have been so often misapplied, that they have lost all force and significance.

Those who use the cry of which we have just disposed, are actuated by a variety of divergent and even conflicting fallacies. These we may briefly summarise as follows:—Ignorance of the truth, whence belief in the error; indifference to the truth, whence tolerance of the error; selfish interest in the error, whence aversion to the truth; disbelief as to any remedy, whence meek acceptance of the evil; fear of future disturbance, whence submission to present wrong; unreasoning dread of all change, whence unreasonable antagonism to all improvement.

On the whole, all these obstructions to the right current of thought resolve themselves into a desponding view of the future of the human race. They amount to this, that whatever has hitherto been the rule must ever continue to be the rule. History, so runs their argument, tells us that men have always been at overt, or covert, war with each

other, therefore war is natural to man; that every country has always been adverse to buying from other countries (though willing enough to sell to them, as if one were possible without the other), therefore commercial isolation is natural to man; that among all nations the great bulk of the population has always been steeped in poverty and ignorance, therefore poverty and ignorance are natural to the bulk of mankind, and so on. They then proceed to argue that as the evils referred to are within the very conditions of man's nature, and as it is impossible to change man's nature, it is impossible for men to exist without wars, without hostile tariffs, without poverty, and without ignorance.

All this would be very discouraging, were it not, fortunately, quite illogical. It does not at all follow because no remedy has hitherto been found for certain evils, that those evils are irremediable. Scientific discoveries, each of which supplied some deficiency, or remedied some evil, till then deemed inseparable from human weakness, have been, since the thirteenth century, strewed along the path of Time as thickly as stars to our vision along the milky way. Let us take one of the earliest, and one of the latest instances. In the olden time, it was very inconvenient to steer vessels at night by the stars, often obscured by cloud or fog; but it was deemed irremediable, since it was the result of nature's laws. Nevertheless, the remedy came in the shape of the mariner's compass. Till quite recently, a man could not converse with a friend a few miles off without personal access to him — an inconvenience which was deemed irremediable, since it

was the result of nature's laws. Nevertheless, a remedy came in the shape of the telephone. Of intermediate instances, the list is innumerable. Who then dare come forward and assert that all those evils are irremediable which have not yet been remedied? Or, worse still, to pronounce it chimerical even to seek to remedy those evils, because they are, from their very nature, irremediable. It is moral cowardice, as well as bad logic, to believe so readily in the invincibility of evil.

If the evils which at present attend our social condition be so inherent to it as to be inseparable from it, whither are our boasted civilisation and our restless advance in physical science bearing us? Is their result to be merely to deepen the grooves in which society at present runs without altering their direction? Will their effect be only to make wars more destructive, to render national jealousies more bitter, and to heighten the painful contrasts which already exist between the splendour of wealth and the squalor of poverty? If that be all that civilisation and science are competent to effect for us, then well may we despair of the future of humanity. If the evils of which we complain are so ingrained in man's nature, and so beyond all cure, that even to seek for a cure is Utopian, then why strive further? Why worry ourselves with useless efforts? Let us sit down, fold our hands, and meekly moralise over the evils which, as we are told, we cannot prevent.

As for ourselves, we earnestly repudiate this doctrine of despondency. We firmly believe that civilisation and science have a far higher mission

than is assigned to them by that doctrine. We believe that their agency will largely promote the creation of wealth, will equalise its distribution, and will thus conduce to the physical and moral well-being of a larger and larger circle of human beings, ever increasing, till the great majority, if not the totality, of mankind shall be embraced within it. As the causes which retard this consummation are gradually removed, there is no reason why it should not finally become of universal application. A noble task! to which we believe civilisation and the progress of science to be fully competent, and we look to them trustfully for its completion.

It may be said that, granting the possibility of accomplishing the ends which we have in view, the means which we have suggested are not those best adapted for the purpose. It may be so. We have recommended those measures which, according to our lights, have appeared to us the fittest. But if other means, more conducive to the desired end, be proposed, we shall hail them with delight and eagerly adopt them in lieu of our own. All that we contend for, and strenuously insist on, is that the baneful causes to which we have referred, as obstructing man's advance in material and moral well-being, have not, as despondent sceptics maintain, their source in man's very nature, are not inextricably interwoven into his destiny, but are remediable and removable at man's will.

Let us, however, suppose that the full and complete attainment of all the objects which we have in view be morally impossible, that is no argument against using our best endeavours to move steadily

forward in the right direction, so as to attain as many of those objects as possible, as soon as possible, and as completely as possible. This is not a case of all or nothing. Every single step we take in the way of reform is accompanied by some corresponding improvement in the condition of humanity. We have never expected, or held out the expectation, that the reforms which we have advocated would or could be adopted all at once, or everywhere at once. But we are quite sure that as these reforms, or some of them, or instalments of some of them, shall be in process of adoption, the effect of such partial progress will be to facilitate and hasten the adoption of the rest. Every single impulse given to, every single obstacle removed from, the creation of wealth; every item of waste that is avoided (whether of the power to produce, or of the wealth produced); every single human being redeemed from ignorance and poverty; each of these is a step in advance, not only beneficial in itself, but preparing the way for a further advance.

It is not a fair representation of our argument to exclaim, "Here is a visionary who thinks that if we abolish war, establish free trade, educate the common people, and adopt a few other similar measures, we shall forthwith create an Elysium on earth." Our pretensions are far more modest. We simply look for a large alleviation of the present amount of human suffering through processes which will only be adopted slowly and after many struggles. We may not be able to make earth an Elysium, but we may prevent its being made a hell. It is true that the wealth necessary to man's

well-being will not grow spontaneously, and must ever necessitate man's labour both of body and mind. But for that very reason, it is deplorable that war, which creates a large number of unproductive consumers, Protection which creates a far larger number of only half-productive producers, and ignorance which keeps the bulk of mankind toiling in a faint-hearted manner on unremunerative work with semi-starvation as the result, should enormously curtail and stunt the production, and consequently the distribution of wealth.

As things now are, to take the world at large, the human race do not produce probably one hundredth part of what they might produce if their labour were properly and intelligently applied. Do away with the agencies that interfere with abundant production, and a largely multiplied amount of wealth will of necessity be created. What will be done with this surplus production? It must either be destroyed or consumed. If to be consumed, it must be distributed, as the lesser amount now created is distributed; but with this essential difference, that in the latter case many people run short, whereas in the former case there would, from the abundance of production, be plenty for all. This result may not be Elysium, but none will deny that it would be a vast improvement on the prevailing extremes of plethoric opulence and grim want.

CHAPTER XXIV.

Expansibility of Man's Productive Power—The Interests Advocated are not National, but Universal—Conclusion.

IN presenting wealth-creation as the great material desideratum necessary to produce a great moral improvement, we have only followed the natural order in which the moral is developed in man out of the physical. The *corpus sanum* is, as a rule, the best guarantee for the *mens sana*. An ill-balanced or unhealthy brain can hardly secrete a high order of thought. Even the soundest and most capacious brain becomes useless for good, and is often deflected to evil, under the influence, ere it is fully matured, of abject poverty or evil surroundings. There can be no mental development without a certain amount of ease, education, and leisure, which abundant wealth-creation alone can confer on the many. Of those men who can boast of a classical education, of cultured minds, of social, literary, or political success, how very few there are who do not owe their advantages to inherited competence? Surely it is not for these to disparage the laborious pursuit and hard-earned acquisition of that wealth which has bestowed on them such privileges.

But even among professed political economists we occasionally find men to whom "material interests" are objects of scorn—with whom gold is dross, and money-making contamination. For instance, Louis Reybaud, in his "Economistes Modernes," talking of the advocates for peace,

says, "Ils fouillent dans les cœurs pour y réveiller ce qu'ils renferment d'instincts et de sentimens inférieurs. Il y a un oubli du sens moral, contre lequel on ne saurait protester par des paroles trop sévères. Ces appels constants à l'intérêt, à l'intérêt seul, à un intérêt étroit, égoiste, exclusif, sont du plus détestable exemple, et s'ils étaient écoutés, ils aboutiraient infalliblement à l'abaissement des caractères, et à la décadence des institutions." Frothy declamation, it is true! But it represents the notions of a certain super-seraphic school which proclaims that every-day attention to material interests is utterly incompatible with the development of what they rather vaguely term "the highest instincts of man's nature." Are these, then, to be the exclusive apanage of the rich?

The expansion of man's mental faculties is intimately connected with the expansion and right direction of man's productive powers. The rapid and abundant creation of wealth would effect two objects. 1. Its abundance would provide for the material wants of all; 2. Its rapidity would leave leisure to all for mental cultivation. For, even under the present imperfect system which produces so very much less than might be produced, and wastes so very much more than need be wasted, enough wealth is produced to afford to the masses a scanty living in return for incessant toil. But under an improved system, which would promote the creation of wealth to its uttermost extent, by abolishing both the checks to it and the waste of it, not only would the wealth thus supplied for dis-

tribution be almost indefinitely increased, but an ample sufficiency of it might be produced with the expenditure of one-half the human labour by which nearly the entire waking life of the workers is now absorbed. Men's ultimate productive capabilities, when developed to their utmost in all people in all countries, would, irrespectively of the impulse which they might receive from fresh scientific discoveries and inventions, result in an amount of wealth (that is, "of such objects of human desire as are obtained or produced by human exertions") exceeding, to an incalculable degree, perhaps, in many instances, a hundred-fold or more, the amount now produced. Indeed, the only limits to its expansion would be the area of available land throughout the globe, and those unknown latent capabilities of the land which science might yet discover and develop. A large margin before progress received a check!

But without discussing ultimate results, let us take some intermediate and comparatively not distant stage of improvement, when the present yield of man's exertions should be multiplied only fourfold. If, in such a state of things, the number of hours spent each day in the work of production were reduced by one-half, it is clear that even with this deduction of the labour applied, twice the quantity of wealth now produced would be left for distribution among the same number of people. Thus, by means of active wealth-creation, leisure for mental cultivation might be easily obtained for the many, precisely as, at present, by means of wealth, whether of direct creation

or acquired by inheritance, leisure for mental cultivation is the privilege of a few.

No doubt such a desirable state of things offers so vast a contrast to the prevailing condition of mankind, that it may at first sight appear to some too good to be within man's power of attainment. This view, however, chiefly arises when the two extremes of present misery and possible happiness are both at once present to the mind, without reference to the many slow and gradual steps which form the connecting links between the two. The reforms requisite to lead mankind from the one stage to the other are, though not innumerable, very numerous, and of difficult, though by no means of impossible, accomplishment. When the effects of these contributary steps are severally as well as collectively considered, the wonder will cease. So, to a person who might be unacquainted with the means resorted to, it would appear incredible that the ideas of a man in London should be almost instantaneously conveyed to another man in New York, whereas the wonder would cease were he made to understand the intricate appliances, and the great amount of science and skill, of capital and labour, expended on the construction of submarine telegraphic cables. The supposed miracle would then shrink into a commonplace fact.

We have all along granted that the complete realisation of the contemplated results may be distant, but that is only an additional reason why we should endeavour, by mooting the question, by dragging it into sight, by subjecting it to discus-

sion, and by urging its consideration, to abridge the interval that separates us from those results. And, after all, that same space of time which "cuts a monstrous cantle out" of the life of a human being, is but a moment in the history of the world. The succession of events, as well as the events themselves, bear quite a different relation to living men than they do to the race of man. In the mighty current and rush of human progress each of us individually is a mere effaceable and replaceable unit, and whoever may live or whoever may die, the aggregate stream of life will pursue its course and achieve its destiny with no very sensible change of direction or diminution of impetus.

We may venture further to remark that the reforms which we have submitted for consideration do not involve any organic changes in the framework of our social system, and that they are susceptible of partial and gradual adoption. They require no abrupt transition from one form of government to another. They are such as might be inaugurated by enlightened and beneficent rulers, under whatever denominations they may be known. It is by their works that political institutions must finally be judged, and not by their names. Some of the most arbitrary governments in the world have called themselves republics. It is, however, undeniable that the larger the infusion of the democratic element in the world's political institutions, the more rapid will be the advance and the more thorough the reforms. The welfare of the masses is the great business of the masses, and they must take their business in hand themselves

if they want it done quickly and effectually. If they will not bestir themselves in their own cause, they are accomplices in their own abasement. For instance, it is on the masses that the evil effects of protection chiefly fall, while the masses mostly remain inert, so that free trade for the present remains practically a middle-class contention, whereas it is essentially and vitally a poor man's question.

But that the masses should "take their own business in hand" is very far from implying recourse to physical force. The sword is but a clumsy and cruel mode of solving social problems. It may cut, but it does not untie, the knot. By far the more effectual weapon is moral force. Let the units of which the masses are composed but think, speak, write, and vote according to their lights, and the result (for truth is the certain outcome of free discussion) will be such a power of public opinion as would soon become irresistible. The changes which it would enforce might not be sudden or sweeping, but even if only effected gradually and by instalments, they would be all the more secure, since, being founded on reflection and conviction, they would prove the more substantial and enduring. A bit-by-bit reform may seem a tedious process, but it is not of necessity so slow as, at first sight, it may appear. For, 1. There is less resistance to its inception, and it therefore commences its work at an earlier date than would a complete measure of reform which provoked violent opposition. 2. One step in reform leads to another, slowly perhaps at first, but afterwards with accelerated speed, till, at the later stages,

the progress towards completeness is rapid and irresistible. 3. The improvements thus gradually effected are more durable and less reversible than those resulting from sudden or violent effort, which are generally followed by powerful and dangerous reaction.

It will be observed that in these pages we have set the interests of no one class in opposition to the interests of any other. On the contrary, it has been shown how those interests are all interwoven and dovetailed into each other. We have endeavoured to point out how the poor could be made less poor without making the rich less rich. By promoting wealth-creation to its utmost extent, largely increased wealth is produced for distribution among all, rich and poor. It is by directing labour and capital to their maximum productive results, and by reducing to a minimum the waste of those results, that we may look for ministering copiously to the wants of the poorer while increasing the enjoyments of the wealthier. Thus it is not by taking from one person to give to another that the removal of poverty is to be effected, but by expanding the general stock of wealth to that amplitude as shall fully suffice for the requirements of all.

We beg to add that this book is not intended merely as an English work, addressed to the English people, and treating of English interests. It is written in the English language, because it is the language in which we can most clearly and most correctly express our ideas, but the topics of which it treats, the evils and abuses which it ex-

poses, and the reforms which it recommends, are matters of universal and cosmopolitan interest. It is the entire brotherhood of man, not merely our English fellow-countrymen, that we have had in view when writing these pages. Whatever truths they may contain are founded on general principles, and are of universal application. To say that this work is addressed to all men in all countries, is tantamount to saying that it is specially addressed to the labour-sellers of the world, since they form the great bulk of "all men in all countries." In the question of which we treat is involved the welfare, not of the people of any particular country, but of the great bulk of the human race everywhere, without distinction of nationality, language, or religion. To them it is a question of happiness or misery—almost of life and death. For if the prevailing extremes of poverty and wealth be the result of an inexorable law—if they form a condition *sine quâ non* of social organisation—then countless millions must yield to despair; they must continue, by incessant toil, to eke out a precarious and scanty subsistence; their higher instincts must be repressed; and that civilisation of which the only possible outcome is to deal out enjoyments to a small minority, and privations to a large majority, must be pronounced a failure.

It may be said that there is nothing new in our teachings, for everybody was aware that war was an evil, and that abundance of wealth was a good. Be it so; the point is not worth discussing. If the same argument in the same shape has been previously set forth by others, by all means let them

have the merit. We do not care the flap of a fly's wing for the personal question. It is the cause itself, and that only, which we have at heart. It is important that it should make progress—through whose efforts, it matters little. If, in its advocacy, we have been wanting in eloquence, we may at least lay claim to the fervour of earnestness; and the words of an earnest man often have the power of awakening an echo in the breasts of other men.

To the charge of occasional repetition and reiteration, we plead guilty. When we have deemed it necessary in order to enforce a truth or to combat an error, we have not scrupled again to use a weapon which had done service before. The same truth may suffice to rebut several forms of error, and it has therefore to be reproduced whenever those various forms of error present themselves.

Even from those who may differ from us as to the means which we have herein suggested, we claim sympathy with the objects which we have had in view. The feebleness of our performance may perhaps be pardoned in consideration of the noble ends at which we have aimed. A man can only put into his work as much as there is in him. If what we have put into this work be pronounced incomplete, inadequate, or unworthy of the great task undertaken, we are content to retire with the poor merit of good intentions, and to leave to abler men and more vigorous pens the substantial merit of effectively promoting the cause.

Our task is finished. We now, humbly but hopefully, submit to the world our views on one of

the most important themes that can engage men's attention. Humbly, because we are diffident of our own powers of analysis and exposition—and hopefully, because time and its developments are in our favour. We have faith in the perfectibility of the human race—not in the sense that it can ever attain actual perfection, but in the sense of its ever tending towards it; just as the asymptotes of the hyberbole are ever approaching to, without ever actually reaching, absolute convergence. We have faith in the thought-stirring effects of discussion and reflection, in the diffusion of knowledge, and in the active co-operation of those, few or many, who may concur in our views.

Nor shall we be at all dismayed or disheartened by opposition or criticism. On the contrary, not only we fully expect, but we cheerfully look forward to, them. For it is out of the conflicts of discussion that truth finally emerges triumphant. What we should chiefly regret and deprecate is neglect and indifference on the part of the great body of labour-sellers everywhere, in whose interest these pages were specially written. It is their battle that is being fought, and they ought not to stand aloof.

Every argument which bears upon the subject, whether it be favourable or adverse, deserves the fullest consideration, for it is a more or less important factor in the elucidation of truth. But there is one kind of influence that may be used, against which we must enter a decided protest. We mean the unsupported authority of great names. We may probably be told that such and

such profound thinkers who are dead, or that other profound thinkers who are alive, have pronounced our views to be untenable, our hopes to be chimerical, and our efforts to be futile—and that we are bound implicitly to bow to such authorities. To this arbitrary verdict we utterly refuse to submit. If the reasons by which those profound thinkers were themselves swayed should be laid before us, we will examine them, and they may, or may not, sway us also. But a mere *ipse dixit*, unsupported by corroborative arguments, has no force whatever over reasoning minds. We willingly yield to the weight of evidence, but refuse to be overborne by the weight of authority. We must be convinced, not silenced. We claim to retain our independence of thought, and cannot submit passively to the influence of great names. These have often and often led men astray. Indeed, experience teaches us that great names are frequently but splendid instances of human fallibility!

[*For Appendix, see page* 299.

APPENDIX.

THE COUNCIL OF THE UNITED STATES OF EUROPE.

THE subjoined sketch of the main provisions which might form the constitution and define the powers of the Council of the United States of Europe, is of necessity imperfect, tentative, and open to numberless alterations and additions. It is submitted only as a rough probationary plan, indicating the chief lines on which such a scheme might be built. Before being moulded into its final shape it would have to be impressed and modified by many minds and many interests, so as, in the end, to represent the average conclusions of European statesmen.

CONSTITUTION AND POWERS OF THE COUNCIL OF THE UNITED STATES OF EUROPE.

1. The Council of the United States of Europe is instituted in accordance with the provisions and stipulations of a treaty entered into on ..... between the following Sovereign States of Europe, viz., ...

2. The said Council shall be composed of the representatives appointed by each of those European States which are, or which may become, parties to the aforesaid treaty, on the basis of one representative for every ten millions of their European population.

Thus the number of representatives in the Council which each State has the right to appoint is :—

One for States having a population of more than 1 million up to 10 millions,

Two for States having a population of more than 10 millions up to 20 millions,

Three for States having a population of more than 20 millions up to 30 millions,

and so on in the same proportion. Only the population that is resident within the boundaries of Europe is to be taken into account. (It is calculated that, as Europe is now constituted, the total number of representatives forming the Council would be forty.)

3. No person under the age of 45 is admissible as a representative in the Council.

4. The chairmanship at each sitting of the Council devolves on each member successively, according to the alphabetical rotation of the members' names.

5. The Council has full power to examine into, collect evidence upon, and finally to decide, all disputes and differences which may exist, or arise, between two or more of the States that have become parties to the treaty under which the Council is formed. But their power does not extend to the settlement of disputes and differences between any of the said States parties to the treaty, and other States not parties thereunto.

6. Every decision of the Council, if carried by a majority of two or more, is final; but a decision carried by a majority of only one requires to be confirmed at another sitting of the Council to be held within one week; when, if again carried by a majority of either one or more, it becomes final.

7. The Council has the power to determine and assign the interpretation and true meaning and intent of the treaties subsisting between the various States that have become parties to the treaty under which the Council is formed; which States shall be, throughout these articles, designated as the "Combined States."

8. The Council has the power to appoint secretaries and subcommittees, frame bye-laws, institute commissions of inquiry, and generally to adopt such measures as they may deem most conducive to the performance of the duties and the exercise of the powers entrusted to them.

9. The autonomy and self-government of each of the Combined States remains inviolate, and the Council has no power to interfere in their internal arrangements or policy. It is their

international relations alone that come within the cognisance of the Council.

10. The members of the Council bind themselves implicitly to submit to, and loyally to abide by, the decision of the majority of votes. And the States represented by the minority pledge themselves to co-operate in carrying out such decision as thoroughly and efficiently as though they formed part of the majority.

11. No decision of the Council shall have any force or validity unless at least one-fourth of its members shall have been present at the sitting wherein such decision was arrived at.

12. In the case of any decision of the Council being disobeyed or disregarded, the Combined States agree and bind themselves to unite in enforcing it by such means and in such manner as the Council shall determine.

13. In case of there being an equality of votes on any question submitted for the decision of the Council, the Chairman at that sitting is to have the casting vote.

14. The representative, or representatives, appointed to the Council by each State shall retain his, or their, functions and powers for at least twelve months, unless in case of death. But at the expiration of twelve months (or sooner in case of death), each State may either appoint new, or re-appoint the old, member or members to represent it at the Council.

15. The Council shall be deemed constituted, and its operations shall commence, as soon as, and not before, the assent to the treaty authorising its formation shall have been given by such a number of European States as that their aggregate population shall amount to at least four-sevenths of the total population of Europe.

16. No State that has once become a party to the treaty under which the Council is formed shall be entitled or allowed to withdraw therefrom without the consent of the majority of the Council.

17. Any European State, with the requisite population, that may not have become a party to the treaty constituting the Council at the time of its constitution, may, at any subsequent period, become a party to it, and be represented in the Council, provided it gives its assent and sanction to the decisions at which the Council may meanwhile have arrived, or provided the majority of the Council may agree to waive that condition.

18. If any European State that has become a party to the treaty aforesaid should neglect or refuse to send representatives to the Council, the decisions of the Council shall be as binding on that State as though its representatives were, or had been, present.

19. The Council shall meet not less than twice a year, and for not less than ten days each term. The first meeting shall be held at ————, and, after that, at such place as the Council may appoint. But if the pressure of business or other circumstances render it necessary, the meetings shall be as frequent and prolonged as the Council shall deem fit. Special meetings may be convened by —— members, and of such meetings fourteen days' notice must be sent to every member of Council.

20. The expenses incidental to the meetings of the Council will be defrayed by *pro ratâ* subventions from each of the combined States, in proportion to the number of representatives which they are entitled to send to the Council.

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